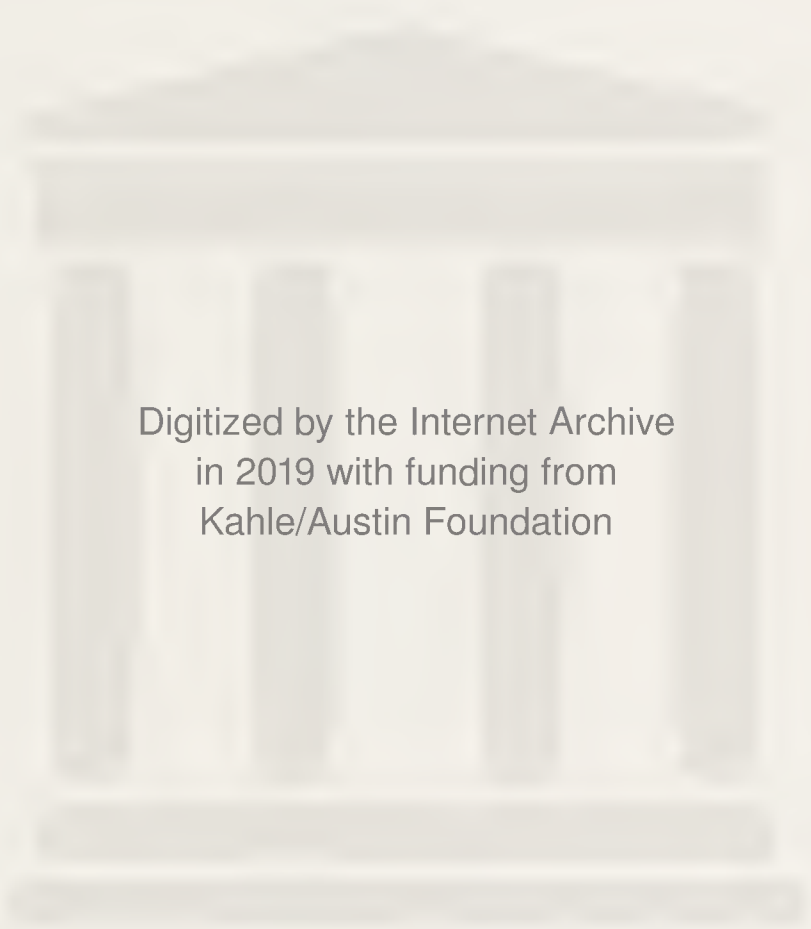




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Foreign Relations of the United States 1950

Volume I

National Security Affairs;
Foreign Economic Policy



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PREFACE

The late S. Everett Gleason supervised the initial planning and compilation of this volume. Fredrick Aandahl succeeded him as editor in 1972 and directed the process of review, declassification, and final editing. Ralph R. Goodwin provided assistance in planning and direction.

Neal H. Petersen compiled and edited the sections on regulation of armaments, national security policy, and atomic energy. John P. Glennon prepared the 1949 portion and David W. Mabon the 1950 portion of the documentation on defense of the Western Hemisphere. Mr. Goodwin compiled and edited the sections on treaties of friendship, commerce, and navigation; double taxation; the General Agreement on Tariffs and Trade; foreign financial policy; balance of payments; Point IV; the delimitation of the territorial sea; and the Internal Security Act of 1950. William Z. Slany prepared the section on the Antarctic. The technical editing of the volume was done by the Publishing and Reproduction Division (Willard M. McLaughlin, Chief), and Francis C. Prescott prepared the index.

The editors acknowledge with appreciation the assistance provided them by the historians of the Department of Defense, including those of the Joint Chiefs of Staff, and by the historians of the Energy Research and Development Administration. They are also grateful for the cooperation of the National Security Council, the Department of Defense, the Central Intelligence Agency, and the Energy Research and Development Administration, all of which facilitated declassification of papers for release in this volume.

DAVID F. TRASK

The Historian

Bureau of Public Affairs

PRINCIPLES FOR THE COMPILATION AND EDITING OF "FOREIGN RELATIONS"

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 2 FAM 1350 of June 15, 1961, a revision of the order approved on March 26, 1925,

by Mr. Frank B. Kellogg, then Secretary of State. The text of the regulation, as further amended, is printed below :

1350 DOCUMENTARY RECORD OF AMERICAN DIPLOMACY

1351 *Scope of Documentation*

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. These volumes include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's responsibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies. When further material is needed to supplement the documentation in the Department's files for a proper understanding of the relevant policies of the United States, such papers should be obtained from other Government agencies.

1352 *Editorial Preparation*

The basic documentary diplomatic record to be printed in *Foreign Relations of the United States* is edited by the Historical Office, Bureau of Public Affairs of the Department of State. The editing of the record is guided by the principles of historical objectivity. There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons :

- a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
- b. To condense the record and avoid repetition of needless details.
- c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
- d. To avoid giving needless offense to other nationalities or individuals.
- e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternatives presented to the Department before the decision was made.

1353 *Clearance*

To obtain appropriate clearances of material to be published in *Foreign Relations of the United States*, the Historical Office :

- a. Refers to the appropriate policy offices of the Department and of other agencies of the Government such papers as appear to require policy clearance.
- b. Refers to the appropriate foreign governments requests for permission to print as part of the diplomatic correspondence of the United States those previously unpublished documents which were originated by the foreign governments.

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INTRODUCTORY NOTE

Beginning with the year 1950, *American Foreign Policy*, a companion series to *Foreign Relations of the United States*, provides systematic coverage of the principal messages, addresses, statements, and reports made in a given period that indicate the scope, goals, and implementation of the foreign policy of the United States. Coverage for the six years beginning in 1950 is given in *American Foreign Policy, 1950-1955: Basic Documents* (Department of State publication 6446, two volumes, released in 1957), organized as follows:

Volume I

- I. Principles and Objectives of American Foreign Policy
- II. The United Nations
- III. Postwar Settlements
- IV. Armistice Agreements: Near East, Korea, Indo-China
- V. Basic Security Treaties of the United States
- VI. European Regional Arrangements
- VII. Middle Eastern Regional Arrangements
- VIII. Western Hemisphere Developments
- IX. Western Europe

Volume II

- X. Germany, Austria, and European Security
- XI. The Soviet Union
- XII. Eastern European Communist Regimes and the Baltic States
- XIII. Near and Middle East, South Asia, and Africa
- XIV. The Far East and Southeast Asia
- XV. Korea
- XVI. Disarmament and the Control of Atomic Energy
- XVII. Foreign Economic Policies—Trade and Tariffs
- XVIII. Foreign Aid—Economic, Military, and Technological
- XIX. International Information and and Educational Exchange Programs
- XX. Organization and Special Responsibilities of the Department of State and the Foreign Service

Additional materials for 1950 are given in *Public Papers of the Presidents of the United States: Harry S. Truman, 1950* (Washington, Government Printing Office, 1965), and in the Department of State *Bulletin* (issued weekly).

For detailed information on the organization, personnel, and activities of the Department and the Foreign Service, see the *Bulletin* and the following serial publications of the Department:

The Biographic Register.

Foreign Service List.

International Information and Education Exchange Program.

Report to the Congress on the Lend-Lease Operations, Transmitted by the President.

The names of the principal officers of the Department are also listed in the appropriate editions of the *Congressional Directory* and the *United States Government Manual*. Information about principal diplomatic agents and Presidential appointees is given in *United States Chiefs of Mission, 1778-1973*, by Richardson Dougall and Mary Patricia Chapman (Washington, Government Printing Office, 1973), with supplement, 1973-1974.

For information on treaties and agreements, see

Treaties and Other International Agreements of the United States of America, 1776-1949. By Charles I. Bevans.

Treaties and Other International Acts Series (TIAS), published since 1946 as a sequel to the Department of State *Treaty Series* and *Treaties in Force*.

For information on developments in international law, see

Digest of International Law. By Marjorie M. Whiteman.

For detailed information on these publications as well as on numerous others of a more specialized character, see *Publications of the Department of State, October 1, 1929 to January 1, 1953* (Washington, D.C., 1954), and *Major Publications of the Department of State: An Annotated Bibliography* (Washington, D.C., 1973).

In addition to the extensive documentation provided in this volume and in other volumes of *Foreign Relations*, as well as in *American Foreign Policy, 1950-1955: Basic Documents*, there is systematic coverage of American participation in international conferences and organizations in the *Bulletin* and in the following other publications of the Department of State:

United States Participation in the United Nations. Annual reports by the President to the Congress.

List of International Conferences and Meetings, With Annotations.

Participation of the United States Government in International Conferences, Including the Composition of U.S. Delegations and Summaries of the Proceedings.

International Organizations in Which the United States Participates.

For detailed information on these publications, see the guides listed in the preceding paragraph.

LIST OF ABBREVIATIONS AND SYMBOLS

EDITOR'S NOTE.—This list does not include standard abbreviations in common usage; unusual abbreviations of rare occurrence which are clarified at appropriate points; and those abbreviations and contractions which, although uncommon, are understandable from the context.

- A, Office of the Deputy Under Secretary of State for Administration
A-bomb, atomic bomb
ABC, American Broadcasting Company
ACTA, (Interdepartmental) Advisory Committee on Technical Assistance
AEC, Atomic Energy Commission
ARA, Bureau of Inter-American Affairs, Department of State
B/P, balance of payments
BNA, Office of British Commonwealth and Northern European Affairs, Department of State
CA, circular airgram
CA, Office of Chinese Affairs, Department of State
CCA, United Nations Commission for Conventional Armaments
CDA, Combined Development Agency
CDT, Combined Development Trust, subsequently renamed Combined Development Agency
CEA, Council of Economic Advisers
CFM, Council of Foreign Ministers
CIA, Central Intelligence Agency
CINCFE, Commander in Chief, Far East
Cominform, Communist Information Bureau
CON, Office of Consular Affairs, Department of State
CP, Commercial Policy Staff, Department of State
CP's, Contracting Parties (GATT)
CPC, Combined Policy Committee
CPR, Chinese People's Republic
D Day, the date of a planned military operation
Delga, series indicator for telegrams from the United States Delegation to the United Nations General Assembly
Depcirtel, Department of State circular telegram
Deptel, Department of State telegram
DOT, dependent overseas territory
E, Office of the Assistant Secretary of State for Economic Affairs
ECA, Economic Cooperation Administration
ECE, Economic Commission for Europe
ECOSOC, Economic and Social Council of the United Nations
Emb, Embassy
Embtel, Embassy telegram
EPU, European Payments Union
ERP, European Recovery Program
EUR, Bureau of European Affairs, Department of State
ExIm Bank, Export-Import Bank of Washington
FBI, Federal Bureau of Investigation, Department of Justice
FCN, friendship, commerce, and navigation (treaty)
FE, Bureau of Far Eastern Affairs, Department of State; Far East; Far Eastern
FMACC, Foreign Military Assistance Coordinating Committee
F.R., *Federal Register*
FSA, Federal Security Agency
FY, fiscal year
FYI, for your information
G, Deputy Under Secretary of State
GA, General Assembly of the United Nations

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| GAA , General Armistice Agreement | MDAP , Mutual Defense Assistance Program |
| GARIOA , Government and Relief in Occupied Areas | MEA , Ministry of External Affairs |
| GATT , General Agreement on Tariffs and Trade | MN , Monetary Affairs Staff, Department of State |
| GDR , German Democratic Republic | MVD , Soviet secret police |
| GER , Bureau of German Affairs, Department of State | mytel , my telegram |
| GHQ , General Headquarters | NAC , National Advisory Council on International Monetary and Financial Problems |
| GOI , Government of India | NAP , North Atlantic Pact |
| GSA , General Services Administration | NAT(O) , North Atlantic Treaty (Organization) |
| GTI , Office of Greek, Turkish, and Iranian Affairs, Department of State | NEA , Bureau of Near Eastern, South Asian, and African Affairs, Department of State |
| H , Office of the Assistant Secretary of State for Congressional Relations | NGO , nongovernmental organization(s) |
| H-bomb , hydrogen bomb | niact , night action, communications indicator requiring attention by the recipient at any hour of the day or night |
| H.R. , designation for legislation introduced in the House of Representatives | NIE , National Intelligence Estimate |
| HSD , high separation diffusion | NME , National Military Establishment |
| IADB , Inter-American Defense Board | NSC , National Security Council |
| IA ECOSOC , Inter-American Economic and Social Council | NSRB , National Security Resources Board |
| IBRD , International Bank for Reconstruction and Development | OAS , Organization of American States |
| ICIS , Interdepartmental Committee on Internal Security | OEEC , Organization for European Economic Cooperation |
| IEP , Division of Exchange of Persons, Department of State | OFD , Office of Financial and Development Policy, Department of State |
| IIAA , Institute of Inter-American Affairs | OIR , Office of Intelligence Research, Department of State |
| IMF , International Monetary Fund | OMB , Office of Management and Budget, Department of State |
| ITO , International Trade Organization | OSR , Office of the United States Special Representative in Europe under the Foreign Assistance Act of 1948 |
| ITP , Office of International Trade Policy, Department of State | ourtel , our telegram |
| JCS , Joint Chiefs of Staff | P , Office of the Assistant Secretary of State for Public Affairs |
| L , Office of the Legal Adviser, Department of State | PD , Passport Division, Department of State |
| L/EUR , Office of the Assistant Legal Adviser for European Affairs, Department of State | PJBD , Permanent Joint Board on Defense |
| LA , Latin America | P.L. , Public Law |
| Le , Office of the Legal Adviser, Department of State | PPS , Policy Planning Staff, Department of State |
| Legtel , Legation telegram | PSC , Social Christian Party of Belgium |
| LOC , lines of communication | |
| LSD , low separation diffusion | |
| MAP , Military Assistance Program | |
| MDA , Mutual Defense Assistance | |
| MDAA , Mutual Defense Assistance Act | |

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| QR , quantitative restriction(s) | TCA , Technical Cooperation Administration, Department of State |
| R , Office of the Special Assistant for Intelligence, Department of State | TCD , Interim Office for Technical Cooperation and Development, Department of State |
| RAC , Executive Committee on Regulation of Armaments | TN's , tariff negotiations |
| RCT , Regimental Combat Team | TRC , Office of Transport and Communications Policy, Department of State |
| RDB , Research and Development Board | TVA , Tennessee Valley Authority |
| Repto , series indicator for messages to the Economic Cooperation Administration headquarters in Washington from the United States Special Representative in Europe under the Foreign Assistance Act of 1948 | U , Office of the Under Secretary of State |
| reurtel , regarding your telegram | U/A , Office of the Special Assistant to the Under Secretary of State (Atomic Energy Policy) |
| S/MDA , Office of the Mutual Defense Assistance Program, Department of State | U/FW , Office of the Special Assistant to the Under Secretary of State (Fisheries and Wildlife) |
| S/P , Policy Planning Staff, Department of State | UM , Under Secretary's Meeting |
| S/S , Executive Secretariat, Department of State | UN , United Nations |
| S/S-S , Committee Secretariat Staff, Department of State | UNA , Bureau of United Nations Affairs, Department of State |
| SANACC , State-Army-Navy-Air Force Coordinating Committee | UNAEC , United Nations Atomic Energy Commission |
| SC , Security Council of the United Nations | UNP , Office of United Nations Political and Security Affairs, Department of State |
| SCAP , Supreme Commander for the Allied Powers in Japan | UNRRA , United Nations Relief and Rehabilitation Administration |
| SCC , Interdepartmental Committee on Scientific and Cultural Cooperation | UNSC , United Nations Security Council |
| SecDef , Secretary of Defense | urinfo , your information |
| SOA , Office of South Asian Affairs, Department of State | urtel , your telegram |
| STEM , United States Special Technical and Economic Mission | USAF , United States Air Force |
| SWNCC , State-War-Navy Coordinating Committee | USDA , United States Department of Agriculture |
| SYG , Secretary-General | USDel , United States Delegation |
| TA , technical assistance | USIE , United States Information and Educational Exchange Program |
| TA , trade agreement | USIS , United States Information Service |
| TAC , Interdepartmental Committee on Trade Agreements | USPHS , United States Public Health Service |
| Tagg , series indicator for telegrams to the United States Delegation at the meetings of the Contracting Parties to the General Agreement on Tariffs and Trade | USUN , United States Mission to the United Nations |
| | VD , Visa Division, Department of State |
| | VOA , Voice of America |

UNITED STATES POLICY AT THE UNITED NATIONS WITH
RESPECT TO THE REGULATION OF ARMAMENTS AND
COLLECTIVE SECURITY: THE INTERNATIONAL CON-
TROL OF ATOMIC ENERGY; REGULATION OF CON-
VENTIONAL ARMAMENTS; EFFORTS TO IMPLEMENT
ARTICLE 43 OF THE UNITED NATIONS CHARTER BY
PLACING ARMED FORCES AT THE DISPOSAL OF THE
SECURITY COUNCIL ¹

Department of State Atomic Energy Files ²

Memorandum by Mr. R. Gordon Arneson ³ to the Secretary of State

TOP SECRET

[WASHINGTON,] December 29, 1949.

Subject: Policy Planning Staff Draft Paper on the International
Control of Atomic Energy.⁴

The attached comments on the subject paper have been prepared at the request of Mr. Kennan. These comments are directed primarily to the basic premises and the specific recommendations of the S/P paper. Inasmuch as the S/P paper was sent to you in draft form, I thought you might wish to see the comments that I have felt necessary to make on it.

There are many points of detail both as to fact and as to interpretation which need to be corrected. I will bring these to the attention of the Policy Planning Staff in due course.

R. GORDON ARNESON

¹ For previous documentation, see *Foreign Relations*, 1949, vol. I, pp. 7 ff. For documentation on United States national security policy, see pp. 126 ff. For documentation on aspects of United States policy with respect to atomic energy other than international control, see pp. 493 ff. For documentation on the "Uniting for Peace" resolution adopted by the General Assembly, see vol. II, pp. 303 ff. Additional documentation on the attitude of the Soviet Union concerning regulation of armaments and documentation on the Soviet "peace offensive" and the United States response are scheduled for publication in volume IV.

² Lot 57D688, a consolidated lot file in the Department of State containing documentation on atomic energy policy, 1944-1962.

³ Special Assistant to the Under Secretary of State, James E. Webb, for atomic energy policy.

⁴ The draft paper does not accompany the source text and has not been specifically identified. However, the paper, prepared by the Counselor, George F. Kennan, appears in its final form (January 20), on p. 22. Kennan also held the position of Director of the Policy Planning Staff until January 1, 1950.

[Annex]

*Memorandum by Mr. R. Gordon Arneson, Special Assistant to the Under Secretary of State (Webb)*⁵

TOP SECRET

[WASHINGTON,] December 29, 1949.

COMMENTS ON POLICY PLANNING STAFF DRAFT PAPER ON INTERNATIONAL CONTROL OF ATOMIC ENERGY

The following comments are directed to the basic approach and the recommended course of action in the Policy Planning Staff paper.

In my opinion, the S/P paper is based primarily on a fundamentally incorrect assumption; namely, that it is possible to achieve prohibition of atomic weapons and international control of atomic energy that has any meaning, without a basic change in Soviet attitudes and intentions, and, in fact, in the Soviet system itself.

The history of the debates and discussions on international control in and outside the U.N. have revealed that the Soviet Union not only refuses to accept those elements which are necessary for effective control, but, far more important, it refuses to accept any system which would require it to cooperate with the rest of the world in the maintenance of peace. The very idea of a cooperative non-Communist world community is foreign to Marxism, especially as interpreted by the Soviets. It is almost axiomatic that effective international control of atomic energy is inconsistent with the Soviet system and Soviet intentions. So long as this remains true, there can be no solution to the problem of international control until we find a solution to the problem posed to the world by the Soviet Union. Any control system in the field of atomic energy, be it the United Nations plan or some other scheme, must bring about or await a fundamental change in the Soviet system. Otherwise, it would fail to accomplish its purpose, however limited.

The U.N. plan, by putting its emphasis upon effectiveness and security, meets this criterion. This, in itself, is significant. It should be noted here that the U.N. plan was never intended to provide absolute security. What it does offer is a system which would give unmistakable and adequate warning in cases of violations. This is the minimum that we can afford to accept. The suggested solution in the S/P paper does not meet the criterion of opening up the Soviet Union unless the inspection system proposed becomes so thorough that the iron curtain is effectively shattered. In this case, the control established would be more onerous than that of the U.N. plan and equally unacceptable to the Soviet Union.

⁵ Transmitted to Kennan and to Deputy Under Secretary of State Dean Rusk on December 29, 1949, as well as to the Secretary of State.

It seems to me that before we can move in any other direction than our present one we must get an answer to the question of just what the eventual possession of significant quantities of atomic weapons by both the West and the Soviet Union adds up to. If we can get a reasonably accurate answer to this question we can then tackle the more difficult question of what we can do about it, or, in other words, what we can do about the problem of the Soviet Union. Barring some answer to the second question, we may be effectively estopped from doing anything regarding the first that would make any difference at all.

Therefore, I agree with the point made on page 12⁶ that if we do not wish to see atomic weapons removed from national armaments in the foreseeable future, barring such a basic change in Soviet attitude as would be implied through acceptance of the U.N. plan, then our existing position on international control is adequate. I would add, however, that this position is also adequate if we *do* wish to remove these weapons from national armaments. The assumption, also made on page 12⁶ of the S/P paper, that we can have international control and prohibition of atomic weapons, even in the light of the existing Soviet attitude, is, to my mind, completely unfounded.

Until we get an answer to the question of what atomic weapons are really worth, and in the light of this answer, determine what can be done about the Soviet Union we should subject the S/P suggestions to the following criteria :

1. *Do they jeopardize U.S. security?*

If they do, we would be remiss in our responsibilities in putting them forward. While there may be some doubts expressed regarding the attitude of the military and the Congress regarding supporting the U.N. plan if the Soviets were to accept it, on balance, the chances of acceptance are good. That cannot be said for any alternate scheme yet advanced, including the S/P suggestions. (Mr. Osborn⁷ has testified in the past before the Joint Committee on Atomic Energy, and that body had a man on Mr. Osborn's staff during the writing of the Second and Third Reports.⁸ This Committee indicated its approval of the work being done.)

⁶ See Kennan memorandum of January 20, p. 22.

⁷ Frederick H. Osborn, Deputy United States Representative to the United Nations Atomic Energy Commission.

⁸ United Nations, *Official Records of the Atomic Energy Commission, Second Year, Special Supplement, The Second Report of the Atomic Energy Commission to the Security Council, September 11, 1947* (hereafter cited as AEC, 2nd yr., Special Suppl.); United Nations, *Official Records of the Atomic Energy Commission, Third Year, Special Supplement, The Third Report of the Atomic Energy Commission to the Security Council, May 17, 1948* (hereafter cited as AEC, 3rd yr., Special Suppl.), or Department of State Publication 3179 (July 1948).

2. *Is there any prospect of Soviet acceptance which would involve more than a paper agreement?*

If we were to suggest the idea of a moratorium on atomic energy, there is no reason to believe that the necessary safeguards would be any more acceptable to the Soviet Union than those in the U.N. plan. Neither is there any reason to believe that the Soviet Union would accept the suppression of atomic energy. Such a proposal could also lend substance to a very damaging charge, already being made, that the U.S. is trying to deny the use of atomic energy to nations deficient in power.

3. *Is the procedure and solution acceptable to our closest friends, particularly the United Kingdom, Canada and France?*

As the S/P paper points out, an apparent by-passing of these countries and the U.N. could be disastrous, and doubly so, should there be another such "leak" as occurred in the Smith-Molotov conversations.⁹ If we avoid these dangers and do make an approach, it should be on a much broader base than that of atomic energy. The approach should be on the general problem of the Soviet Union, and, specifically, it should not, as the S/P paper suggests, exclude the problem of conventional armaments. Although the *solutions* to the problem of atomic energy control and the problem of the regulation and reduction of conventional armaments are necessarily separate and different, the *implementation* of both systems must be coordinated. There must be some redressing of the existing imbalance between the Soviet armed forces and those of the rest of the world. The U.S. position on this point has never, to my knowledge, been thought through.

I do not believe that the suggested procedure contained in Part VII (pages 57-67) and the suggested possibilities in paragraph 6, pages 62-64¹⁰ in the S/P paper meet these criteria at all adequately.

I do not believe that, much as we desire to have atomic weapons really prohibited, the U.S. should unilaterally renounce this weapon. It is difficult to see what possible effect this renunciation might have on the Soviet Union, other than being interpreted as a revelation of weakness with all its implications. Its effect on Western Europe might well be disastrous. The same considerations apply to the super-bomb, although a clear distinction must be drawn between *possession* and

⁹ For documentation on the conversations between U.S. Ambassador Walter Bedell Smith and Soviet Foreign Minister V. M. Molotov at Moscow in May 1948, see *Foreign Relations*, 1948, vol. iv, pp. 788 ff.

¹⁰ See Part VIII of the Kennan memorandum of January 20, p. 40.

use of either atomic or super-bombs.¹¹ This distinction is not always made in the S/P paper.

Taking up *seriatim* the various possibilities for sounding out the Soviets as listed under paragraph (6), pages 62-64 of the S/P paper, I have the following comments:

“(a) A plan which would be temporary, and in the nature of a technical and political *modus vivendi*, rather than permanent.”

There is no apparent virtue in a temporary arrangement *per se*. Short of an arrangement embodying the principal features of the U.N. plan, I cannot envisage any temporary scheme that would meet the criteria listed above. We could, of course, accept a temporary truce along the lines of the Romulo and Quaker proposals,¹² which would freeze U.S. supremacy for the duration of the armistice. The Soviets would hardly accept this idea.

“(b) complete prohibition of atomic weapons of every sort.”

This has been our goal in international control negotiations from the beginning. It is provided for in the U.N. plan. The Soviet Union states that this is its goal also. It is fair to say that the entire U.N. debate has hinged on this point. If we bear in mind that to all intents and purposes nuclear fuel is atomic weapons, it becomes obvious that complete prohibition of atomic weapons is inconsistent with national possession of nuclear fuel. It is this fact that the Soviet Union chooses to ignore. Control and prohibition are two sides of the same coin, or, as Sir Alexander Cadogan¹³ stated in this last General Assembly, effective control is prohibition. To talk of prohibition as distinct from control is technically meaningless.

“(c) the abandonment of large reactors for this period.”

This idea is not new. It is provided for in the U.N. plan which limits the production of nuclear fuel to the quantity consistent with known beneficial uses, including research and development. For example, if

¹¹ For documentation on United States policy regarding the employment of nuclear weapons and on the question of developing the hydrogen bomb, see pp. 493 ff.

¹² For the proposal by Carlos P. Romulo of the Philippines, President of the Fourth Session of the United Nations General Assembly, see Romulo's letter to Warren R. Austin, U.S. Representative at the United Nations, November 3, 1949, in *Foreign Relations*, 1949, vol. 1, p. 207. Regarding “the Quaker proposal,” see *The United States and the Soviet Union: Some Quaker Proposals for Peace*, a report prepared for the American Friends Service Committee (New Haven: Yale University Press, 1949), which included the following among its specific recommendations: “As an interim step we suggest that the present stockpiles of atomic bombs in the United States and in the Soviet Union be put under United Nations seal for a specified time, and that the concentration of fissionable material be halted and verified—pending the conclusion of the conventions mentioned above [which provided for comprehensive international control of armaments, the destruction of stockpiles of atomic bombs, and the outlawing of nuclear weapons.]”

¹³ Permanent British Representative at the United Nations.

that plan were accepted now, Hanford ¹⁴ would be shut down. At one time the Soviet Union did not oppose this provision and, in fact, expressed considerable interest in its corollary, the idea of national quotas for peaceful uses. Now that it is presumably no longer a have-not nation, Vishinsky,¹⁵ in the last General Assembly stated:

"The requirements of the Soviet Union of atomic energy for peaceful purposes are tremendous, and the attainments of the Soviet Union in the utilization of atomic energy for peaceful ends are also tremendous. All this must be borne in mind when mention is made of quotas and rationing. . . .¹⁶ At the same time, however, we insist that no one must prevent us from utilizing atomic energy to the maximum extent for peaceful purposes. . . ." He also stated that the U.N. plan was designed to make impossible the development of atomic energy for peaceful ends. It seems clear that the Soviet Union would accept no restriction on its development of atomic energy, i.e., manufacture of nuclear fuel with all its implications.

"(d) disposition of stocks of dangerous materials in such a way as to give reasonable assurance against any one-sided advantage by seizure."

This, too, is not new, being an integral part of the U.N. plan. The Soviet Union has not expressed disapproval of this feature and is not expected to, so long as it is U.S. stocks that are to be redistributed. I fail to see how we can seriously put this forward except as part of the U.N. plan. In the context of the proposed temporary *modus vivendi*, it can only mean an almost immediate equalization of U.S. and Soviet atomic capabilities, with little to show in return.

"(e) non-dangerous activities to be left in national hands, but only on the condition of complete 'openness' of research and development activity."

This is provided in the U.N. plan, subject to such licensing and inspection as are deemed necessary by the nature of the research and development, and the quantities of nuclear fuel used or produced. The Soviet Union objects to this, as, in fact, they do to any requirement for real "openness".

"(f) No international authority and no veto provisions."

This is somewhat obscure. If it means no international body, it is inconsistent with subsequent provisions for U.N. custody and supervision over large reactors, nuclear fuel and raw material sources, an inspection system, periodic observation of non-dangerous activities, etc. These activities must be carried on by some, presumably a U.N., organ. If what is intended is the denial of positive managerial, research, and development functions on the part of the international agency, it should be emphasized that such functions make control easier, would attract more competent personnel, and could mean the difference between success and failure. It might be noted that even the Soviet proposals take this factor into account and provide for research by the international agency in its own laboratories.

¹⁴ The plutonium production installation of the U.S. Atomic Energy Commission at Hanford, Washington.

¹⁵ Andrei Y. Vyshinsky, Minister for Foreign Affairs of the Soviet Union; Chairman of the Soviet Delegation to the Fourth Session of the General Assembly.

¹⁶ Omissions indicated in the source text.

I interpret the "no veto provisions" to mean that the United States modify or drop the provisions in the U.N. plan on the subject of the veto. As the S/P paper points out, this subject has not been recently debated in the United Nations. The real debate has been on effectiveness of control, which would make prohibition itself effective. I would emphasize, however, that under the U.N. plan, with international operational personnel in the large plants, the veto loses its importance because evasions, violations and seizures cannot be hidden. In such circumstances, the real question is whether the law-abiding nations, under Article 51 or some other arrangement, will take the necessary corrective measures in case of violation. Under any plan which denies the continuous physical presence of operating international personnel, the veto, which can be used to delay or to deny access, becomes very important.

"(g) Stages so arranged that termination of activity in large reactors, establishment of formal U.N. custody of large reactors and stocks of nuclear fuels, establishment of U.N. supervision over raw material sources and prohibition of the weapon, would all take place simultaneously."

Now that more than one country has something physical to give up, the problem of stages may be easier to tackle than in the past. The time and conditions under which reactors and nuclear fuel, for example, are to be given up, would be the same for all nations and none would appear to be placed in an advantageous or disadvantageous position. However, in establishing any control system, there are a certain irreducible number of steps, such as signing the treaty, establishing some international organ, recruiting, training and physically locating personnel, declaring all materials and facilities, and, finally, turning them over to the control of the international body in accordance with the terms of the treaty and as that body acquires the necessary competence to perform its duties.

I do not see how it would be physically possible to bring into being simultaneously the various points in paragraph (g) above. Moreover, the establishment of supervision over raw material sources is not a one-shot affair, but a continuous operation. I would like to point out, also, that the point on the prohibition of the weapon is technically meaningless, because the turning over of large reactors and stocks of nuclear fuel to U.N. custody would remove the essential ingredient of atomic weapons from nations and would be prohibition in fact as well as in name.

"(h) an inspection system involving:

- (1) a complete showdown on existing operations including full accounting and verification of raw materials utilized to date, existing reserve and pipe line stocks, nuclear fuels produced, etc.:

- (2) adequate U.N. observation over all known and declared raw material sources and facilities for investigation, and if necessary, observation over all alleged ones;

- (3) U.N. supervision of large reactors during deactivation or dismantling stage, followed by periodic observation over sites of such reactors;

- (4) complete openness of laboratories for serious scientific visitors on an international scale; and

- (5) periodic observation of non-dangerous activities."

Point (1) above is contemplated under any system of control so far advanced and needs no further comment. Point (2) does not go far enough in that it makes no provision for locating either unknown or undeclared raw materials sources. The provision in Point (3) for periodic observation over sites of dismantled or deactivated reactors is either unnecessary if the reactors are completely removed, or insufficient if the reactors can in fact be reactivated without much difficulty. Point (4) is provided for in the U.N. plan. Its requirement for complete openness of national laboratories is not acceptable to the Soviet Union. Point (5) may or may not be adequate, depending on the nature of the so-called non-dangerous activity. In certain reactors, which need not be very large, it is possible to conduct certain activities surreptitiously which are not readily detectable and could be dangerous. This is particularly true if the super-bomb becomes a real possibility.

It would be my recommendation that the United States make a complete assessment of the role of atomic weapons in the cold war and in a possible hot war. We should, at the same time, reexamine all possibilities of bringing the Soviet Union into the community of nations. If any useful course of action is indicated by the above studies, we could then make an approach to the Soviet Union on the broader basis, into which international control would fit.

Pending the results of such studies we should use the existing forum of the permanent members of the UNAEC as the point of contact with the Soviet Union. In the closed, informal sessions of that body we can, without undue risk, put forward desirable or appropriate explanations, suggestions, or even modifications on such matters as the veto and stages. This forum also provides a point of contact for the necessary consultations with our allies and for detecting or exploiting any changes in the Soviet attitude.

Policy Planning Staff Files ¹

Memorandum by the Deputy Under Secretary of State (Rusk) to the Counselor (Kennan)

TOP SECRET

[WASHINGTON,] January 6, 1950.

Subject: Draft Paper on International Control of Atomic Energy ²

Following are my comments on the attached atomic energy paper. I apologize for the broad degree of concurrence because I believe that you need specific criticism rather than specific concurrence at this juncture.

¹ Lot 64D563, files of the Policy Planning Staff of the Department of State, 1947-1953.

² The draft paper does not accompany the source text and has not been specifically identified. However, the paper in its final form (January 20) appears on p. 22.

1. I agree that our present plan for the international control of atomic energy will never produce such control. I believe this because neither the Russians nor we would accept this plan. Our formal position of support and acceptance, realistically considered, is a colossal political gamble on our part.

2. One of the difficulties about the development of policy on atomic energy control is that it has fallen into the hands of experts who pretend to be talking technique when in fact they are talking politics. I have not been able to find a technical explanation of why the safeguards and controls of the present majority plan have to be what they are. When questioned, the technical people immediately wander off into politics.

3. I agree that the forum for further discussions of atomic energy control must somehow be changed and am inclined to agree that it needs treatment at a more senior governmental level. I see very serious objections to new bilateral discussions between ourselves and Russia on atomic energy control, unless such discussions resulted from consultation with and agreement by the United Kingdom, France and Canada. Otherwise, U.S.-Soviet discussions would have a most serious and demoralizing effect upon our common front. I doubt that these other countries would permit us to represent them in any way. The question may boil down, therefore, to whether we should have five or six of the Foreign Ministers discuss the question further.

4. Since our present plan has no prospect of producing international control, our present choice is between (1) no control and competition at whatever pace we can stand and (2) some other arrangement differing in important respects from our present plan. Therefore, I am inclined to urge most careful exploration of every possible *modus vivendi* which might give us time to go into the matter more fully.

5. I agree that the fundamental question for us is that posed at the bottom of page 21.³ I have a view on it but I do not believe that my view is relevant to the procedure by which we get a governmental decision on the question.

6. I agree that we should have an NSC clarification on the use of atomic weapons. An over-all strategic study which is now before the NSC staff may provide a vehicle for obtaining such clarification.

7. I think the "healthy instinct" of the public will probably agree that the risks of an imperfect system of international control will be smaller than the risks of no agreement at all—but I believe we should look at this one with extreme care since it is the kind of proposition on which we could easily go wrong.

³ Reference is presumably to that portion of Kennan's argument contained in the second paragraph of Part III of the memorandum of January 20, p. 29.

8. In connection with page 38,⁴ it seems to me that the relation between the atom bomb and the cold war might be developed in somewhat more detail, particularly on the impact of the Russian possession of atomic weapons on the psychology of Europe.

9. By and large, I would agree with the main lines of the conclusions. These may require working out in more detail in order to see just what they need before they are accepted as a policy matter.

10. Lastly, I specifically agree with each of the "things to avoid" with which the paper concludes.

⁴Reference is to Part IV of the memorandum of January 20. See bracketed note, p. 31.

700.5611/1-2450

*Memorandum by the Assistant Secretary of State for United Nations Affairs (Hickerson)*¹

TOP SECRET

[WASHINGTON,] January 11, 1950.

COMMENTS ON POLICY PLANNING STAFF DRAFT PAPER ON INTERNATIONAL CONTROL OF ATOMIC ENERGY²

1. The paper seems to me to be permeated with the assumption that the use of the atomic bomb is morally wrong; that because the atomic bomb has terrible destructive powers it is different ethically from other weapons that kill and maim, but on a smaller scale; and that the atomic bomb should be prohibited by international agreement wholly without reference to other weapons. Such an agreement would apparently rest in considerable part on the good faith of the USSR, whose record in matters of good faith is "well known". It seems to me that the better assumption would be that the only way to prevent the use of atomic weapons and other weapons of mass destruction is to prevent the outbreak of war between countries possessing such weapons.

2. The paper comes close to accepting the Soviet contention that the United Nations Plan of Prohibition and Control was not put forward in good faith. For example, the paper comments (page 12):

"It is a good position to rest on if, and as long as, international control and a prohibition of the weapon are not desired, and if it is felt that the United States must nevertheless continue to hold out for some plan for international control."³

¹ On January 24, Hickerson transmitted a copy of this memorandum to the Executive Secretariat of the Department for the attention of the Secretary of State in the event that he had not already seen it.

² The draft paper does not accompany the source text and has not been specifically identified. For the final version, January 20, see p. 22.

³ This quotation does not appear in the text of the memorandum of January 20.

The Soviets have repeatedly charged that the United States does not wish to prohibit the use of atomic bombs. This is, of course, untrue, and the United Nations Plan clearly provides for their abolition with the establishment of an effective control system. Incidentally, Mr. Vyshinsky, during the atomic energy debate in the last General Assembly meeting made in the same speech the following charges that seem to answer one another:

a. That the "American plan" was put forward in bad faith in the firm conviction that the USSR would not accept it.

b. That the "American plan" was a diabolical Wall Street plot to obtain control of the atomic energy resources of the USSR and the rest of the world.

3. The paper damns with faint praise the United Nations Plan. Dr. Conant⁴ said, in effect, during the drafting of the Plan:

"Our objective must be to produce a control plan that is not only fool proof, but as nearly as possible *rascal* proof."

I think the authors of the Plan succeeded in this. Internationally, the Plan is highly regarded. At Paris in 1948, 40 United Nations countries approved it. In New York last November, 49 countries voted for the Canadian-French resolution reaffirming its essential principles. The USSR and the USSR alone stands in the way of its acceptance. Isn't this another instance, like so many others, where everyone is out of step except the USSR? Isn't the next move up to the USSR? Why must we take the initiative in advancing new proposals all the time? The Squires and Daniels "suppression formula", which is of course the backbone of the paper's main proposal, was published in 1947.⁵

The Soviet Government, therefore knows all about it, and yet the Soviet Government has made no new proposals since June, 1947; proposals which are wholly inadequate and unacceptable.

4. I assume that we can maintain a wide superiority in atomic weapons over the Soviet Union, probably for an indefinite period of time. It seems to me that we need military advice from the Joint Chiefs

⁴Dr. James B. Conant, President of Harvard University; member of the Secretary of State's Committee which drafted the U.S. proposal for the international control of atomic energy in 1946; member of the General Advisory Committee of the U.S. Atomic Energy Commission since 1947.

⁵See Arthur M. Squires and Cuthbert Daniel, "The International Control of Safe Atomic Energy," in *Bulletin of the Atomic Scientists*, April, 1947, pp. 111-116. Subsequent articles by Squires and Daniel appearing in the *Bulletin* include the following: "An International Moratorium on Atomic Energy for Power Uses," June 1948, pp. 183-184; "Freedom Demands Responsibility," October 1948, pp. 300-304; and "Scientists' Responsibilities," January 1949, pp. 27-28.

of Staff on the question of what the eventual possession of considerable quantities of atomic weapons by the Soviet Union will mean to us in terms of military position and strategy.

5. I have assumed all along that if the Russians accepted the U.N. Plan, before it was actually implemented, the Western Powers would insist on substantial reductions in the Soviet land army and offensive weapons. This is, of course, primarily a military question, but to me it makes absolutely no sense for the U.S. to give up what General Bradley⁶ calls our chief offensive weapon without a fully compensatory reduction in the offensive striking power of the Soviet Union. The same situation, of course, applies in my view, to the temporary plan, based on the suppression formula, put forward in the Planning Staff paper; that is, we should agree to this only if the Soviet Union makes compensatory reductions in its offensive striking power.

6. The Soviet Union has, of course, known about the Squires and Daniels suppression formula since it was first published in 1947. As far as I am aware, they have never commented directly on it, but they have frequently charged that the ruling circles in America wish to obtain full control of all the atomic resources in the world in order to deny the benefits to workers of countries which have inadequate supplies of coal and oil. I seriously doubt whether the Soviet Union would accept these proposals. If we ever decide to make such proposals, we must be careful to see that they are presented in such a way that we do not give the Soviet Union an enormous propaganda weapon.

7. It seems to me that the inspection provisions for the temporary proposals described in the Planning Staff paper are in some particulars inadequate. In any event, I do not believe that the Soviet Union would find these inspection proposals, which are absolutely indispensable to any suspension scheme, any more palatable than they find the inspection proposals of the United Nations Plan.

8. I am in full accord with the sections of the paper which stress the importance of keeping the United Kingdom, Canada and France fully informed of what we are doing.

9. To recapitulate, I recommend that we stand on our present position until we get the military information referred to in paragraph 4 of this memorandum, after which we should re-examine our policy in the general security field.

JOHN D. HICKERSON

⁶ Gen. Omar N. Bradley, Chairman of the Joint Chiefs of Staff.

Policy Planning Staff Files

*Memorandum by the Director of the Policy Planning Staff (Nitze)
to the Secretary of State*

TOP SECRET

[WASHINGTON,] January 17, 1950.

Subject: Counselor's Paper on International Control of Atomic Energy

Though agreeing with much of this paper, there are a number of important points where I would place a different weight on the various considerations.

As I see it, there are two important new facts dealt with in this paper and five interrelated problems on which these facts have a bearing. The two new facts are (a) the demonstrated Soviet fission bomb capability, and (b) the possible thermonuclear bomb capability of the Soviets and of ourselves.

The five problems on which these facts have a bearing are:

(a) whether the United States should accelerate its program to determine the feasibility or non-feasibility of a thermonuclear weapon;

(b) whether our strategic plans and our related objectives and programs should be revised in the light of the probable fission bomb capability and possible thermonuclear bomb capability of the Soviet Union or for other reasons;

(c) whether the present policy of the Defense Establishment with respect to the conditions under which atomic bombs would be used in the event of war should be revised;

(d) whether our present position with respect to the international control of atomic energy should be revised; and

(e) whether our public relations stance with respect to atomic energy should be revised.

With respect to these problems and the order in which it is suggested they be taken up, the following considerations appear to be pertinent:

(a) There are considerations which make it advisable to accelerate the program to determine the feasibility or non-feasibility of a thermonuclear weapon while deferring a determination as to whether to manufacture the weapon for stockpile, if it should prove feasible. Even though there may be some tendency to manufacture for stockpile if the investment has been made in testing feasibility, the major portion of the investment would be useable either for fission or thermonuclear weapons. It must be assumed that the U.S.S.R. is proceeding with a program in this field, and it would seem that the military and political advantages which would accrue to the U.S.S.R. if it possessed

even a temporary monopoly of this weapon are so great as to make time of the essence. The possibility that an incorrect decision as to stockpiling or use might at sometime in the future be made does not appear to warrant a further delay in initiating an accelerated program to test feasibility. On this subject, it is recommended that a paper along the lines of Arneson's draft¹ be submitted to the National Security Council working group.

Problems (b) and (c) are closely interrelated. There are important general policy considerations in favor of a use policy based solely on retaliation in the event of prior use by an enemy. These include the deep abhorrence of many of the people of the United States to the use of weapons of mass destruction, the improvement in our public stance toward atomic energy throughout the world if we are able to adopt such a policy, and the greater possibility of achieving our political objectives during and at the conclusion of a war if it is possible to avoid the use of weapons of mass destruction during such a war. Added to these are the strategic considerations flowing from the expected growth in the U.S.S.R.'s atomic bomb capabilities. Certain of the military experts have estimated that within five to ten years our present net strategic advantage in atomic weapons may be neutralized. This equation would be materially affected by the U.S.S.R. development of a thermonuclear weapon inasmuch as we seem to be more vulnerable to the use of such a weapon than is the Soviet Union.

A final determination as to use policy can only be arrived at after much fuller joint study with the Defense Establishment than has as yet been possible. Such a study could take place under the aegis of the National Security Council in connection with the currently scheduled review of U.S. objectives, commitments and risks, or as the result of a special directive to the National Security Council as suggested in Arneson's draft paper on the thermonuclear program. The political, psychological and moral imponderables bearing on this problem as they affect our strategic plans and our related objectives and programs would seem to fall in whole or in part within the competence of the State Department.

It is recommended that the State Department representatives go into such a study with a preliminary presumption in favor of such a revision of our strategic plans as would permit of a use policy restricted to retaliation against prior use by an enemy.

The two most difficult points to meet will be (1) what do we substitute for the present presumed deterrent effect of our atomic bomb

¹ Reference is presumably to a preliminary draft of Arneson's working paper of January 24, 1950, concerning the development of thermonuclear weapons. Regarding that document, see footnote 1, p. 513.

policy to Soviet military aggression, and (2) in the event of Soviet military aggression, what do we substitute for our present net atomic strategic advantage.

As to (1), the following points should be taken into consideration. On the one hand, the deterrent effect of an atomic bomb capability and a willingness to use it is not necessarily eliminated by an opposing atomic bomb capability. On the other hand, the present use policy of the Defense Establishment may impede the establishment of those conditions under which a more general relaxation of tension between the U.S.S.R. and ourselves might be possible.

It is also possible that a use policy, based solely on retaliation, would not wholly eliminate the deterrent effect to Soviet military aggression of our atomic capability. They would never be quite certain that we would in fact stick to such a policy if the nature of their aggression too deeply upset the moral sense and vital interests of the people of the United States and of the world in general. This problem of the war deterrent effect of various formulations of atomic policy is one where the primary responsibility is that of the State Department. It is recommended that a more intensive study of this problem be undertaken within the State Department as part of the backstopping of our representatives in the National Security Council study.

The second problem, as to what we substitute in the event of war for our present net atomic advantage, is the most difficult problem to face up to. If it is correct that this net advantage is a declining asset in any case, this is a problem which must eventually be faced, irrespective of a decision on use policy. Certain of the problems involved are primarily of a military character, but it is recommended that the State Department require a full justification from the military as to its position. The questions are of so broad a nature that they would appear to rise above mere technical considerations to a level where it should be possible to make them clear to non-technical minds. Insofar as no strictly military substitutes are practicable, the problem becomes one of prime responsibility to the State Department.

It is recommended that no final decision on use policy be taken until the suggested review of strategic plans under (b) has been completed.

(d) As recommended in the Counselor's paper, a final decision as to a revision of our position with respect to international control of atomic energy should not be made until the National Security Council study is completed and a decision made on use policy. It does not appear clear to me, however, that if the decision is made to adopt a policy of holding atomic weapons only for retaliatory purposes that the recommendations of the Counselor's paper as to international con-

trol necessarily follow. It would appear to me that three sets of considerations would still have to be carefully weighed.

The first one is whether a control scheme such as it envisages actually gives greater assurance against the possible use of atomic weapons than the retention by the United States of an adequate retaliatory capability. In part, this requires a judgment as to the adequacy of the inspection facilities which it would provide. If inspection cannot be judged to be adequate, a scheme of this kind may give rise to continuing uncertainties and frictions which could be as disturbing to the world's sense of security as the continued holding of atomic weapons by both sides. Furthermore, the analysis of the Counselor's paper indicates that it is improbable that the U.S.S.R. would itself initiate the use of weapons of mass destruction. If this improbability is backed up by an adequate power of retaliation on our side, it would appear that if we adopt a use policy limited to retaliation that the chances that atomic weapons would be used against us would be small. It would appear sensible that we go into an international control scheme only if the effect thereof is clearly to improve the chances that atomic weapons will not be used against us or our allies.

The second set of considerations go to the point of whether the suggested scheme is negotiable. Even though some of the U.S.S.R. objections to the U.N. proposal have been eliminated, it is difficult to conceive of the U.S.S.R. being willing to abandon even on an interim basis its position as to peacetime uses. There is also a real question as to whether the U.K. and the Canadians would go along with the suggested scheme.

The third set of considerations go to the point of whether a successful negotiation on international control of atomic energy is practicable for us, for our allies, and for the U.S.S.R. except in the context of a broader program for the relaxation of tensions between the East and West. This leads to the question of whether further progress toward working out German and Japanese peace settlements, a mutual withdrawal of troops from the center of Europe, and a program for the limitation of conventional armaments must not be made before we can realistically expect a satisfactory agreement on atomic energy.

(e) Our present public stance toward atomic energy is undoubtedly confusing and may be detrimental to us in the light of General Bradley's testimony that the atomic bomb would be "our principal initial weapon in any war". This should certainly be clarified. For our public stance to be soundly based, however, it is necessary for us first to decide on our positions with respect to (a), (b), (c) and (d) above. Certainly if a modification is made in our use policy our public stance could be greatly improved, even though it should be decided that our position with respect to international control can only be modified in the event of a better and more effective plan being proposed or as

part of a more general relaxation of tensions. If it were decided that the present use policy of the Defense Establishment cannot be revised, in the absence of convincing evidence of a change in U.S.S.R. attitudes such as would be implied by an acceptance by them of approximately the present U.N. proposals for international control of atomic energy, the reasons therefor could be clarified and our public stance made less confusing.

IO Files ¹: US/AEC/50

*Memorandum of Conversation, by Mr. Charles H. Russell, Adviser,
United States Mission at the United Nations*

SECRET

[NEW YORK,] January 17, 1950.

Subject: Atomic Energy; Six Sponsoring Powers, 14th Meeting,
Jan. 19, 1950.²

Participants: General McNaughton,³ Mr. Arnold Smith,⁴ Major
Pierce-Goulding,⁵ Canadian Delegation
Dr. Wei,⁶ Chinese Delegation
M. Chauvel,⁷ Baron de la Tournelle,⁸ French
Delegation
Sir Alexander Cadogan, Mr. Laskey,⁹ United Kingdom
Delegation
Mr. Ross,¹⁰ Mr. Osborn, Mr. Russell, United States
Mission

¹ Master Files of the Reference and Documents Section of the Bureau of International Organization Affairs, Department of State.

² On November 4, 1948, the General Assembly adopted Resolution 191(III), which approved the plan developed by the U.N. Atomic Energy Commission, stating that it constituted "the necessary basis for establishing an effective system of international control of atomic energy." The resolution also requested the six sponsors of General Assembly Resolution 1(I) of January 24, 1946, establishing the U.N.A.E.C. (United States, United Kingdom, Soviet Union, France, China, and Canada), to consult in order to determine if, in view of their prevailing lack of unanimity (the Soviet Union was unable to accept the United Nations plan), there existed a basis for agreement on international control. For the text of Resolution 191(III), see *Foreign Relations*, 1948, vol. 1, Part 1, p. 495. For documentation on the meetings of the six sponsors during 1949, see *ibid*, 1949, vol. 1, pp. 419 ff.

³ General A. G. L. McNaughton, Canadian Representative to the U.N. Atomic Energy Commission.

⁴ Principal Adviser, Permanent Canadian Delegation to the United Nations.

⁵ Major T. L. C. Pierce-Goulding, Adviser, Permanent Canadian Delegation to the United Nations.

⁶ Dr. Hsioh-ren Wei, Alternate Chinese Representative to the U.N. Atomic Energy Commission.

⁷ Jean Chauvel, Permanent French Representative at the United Nations; Representative to the U.N. Atomic Energy Commission.

⁸ Guy de la Tournelle, Alternate French Representative at the United Nations; Alternate Representative to the U.N. Atomic Energy Commission and to the Commission for Conventional Armaments.

⁹ D. S. Laskey, Adviser, Permanent British Delegation to the United Nations.

¹⁰ John C. Ross, Deputy United States Representative to the Security Council; Acting Deputy Representative to the U.N. Atomic Energy Commission from January 31, 1950.

A short meeting was held at the United States Mission this morning, at the request of Dr. Wei who is to preside at the meeting on January 19.

It was agreed that representatives of the five delegations would attend the meeting. It would remain to be seen whether the Soviet delegation withdrew from the meeting.¹¹ Mr. Osborn said that Mr. Hicker-son would come from Washington for the meeting but would not be prepared to make the statements which had previously been discussed (US/AEC/47).¹²

Mr. Smith said that the question of Chinese representation was not who was the representative of China, but who was the member of the Security Council. General McNaughton agreed, and said that the Six Power Consultations were not a proper place to carry on a discussion of credentials. He regarded everyone present as being there in consequence of membership in the Security Council, and, in the case of Canada, in the UNAEC.

It was also agreed that in the event that the Soviet Delegation remained at the meeting the time could usefully be employed by directing questions to the Soviet Delegation. Mr. Osborn said that the United States representative would be prepared to ask questions based upon Mr. Vyshinsky's remarks on inspection and quotas.

General McNaughton said that the Canadian government had not completed its study of General Romulo's proposals and the other proposals made in the Fourth General Assembly and that he was therefore not yet prepared to discuss them. M. Chauvel and Mr. Osborn said that this applied also to them.

There followed a general discussion of the steps to be taken in the event that the Soviet representative withdraw from the meeting. It was agreed that M. Chauvel, who will be chairman of the 15th meeting, would draft and circulate to-day or to-morrow to the five delegations a proposed letter to the Secretary-General, which could also serve as the communiqué, and which would take into account the suggestions

¹¹ At the 461st Meeting of the Security Council, January 13, the Soviet Representative, Yakov A. Malik, withdrew from the Council chamber after stating that the Soviet Union would not participate in the work of the Council until the Representative of the National Government of China was excluded and that the Soviet Union would not deem itself bound by decisions taken by the Council with the participation of the Chinese Representative. For documentation on the Soviet walkout of the Security Council and the question of Chinese representation, see vol. II, pp. 186 ff.

¹² A memorandum of conversation by Russell, December 16, 1949; for text, see *Foreign Relations*, 1949, vol. I, p. 246. In that conversation, Osborn indicated to McNaughton, Wei, Chauvel, and Cadogan that the United States intended to make a statement in a meeting of the six sponsors commenting on the meaning of certain aspects of the United Nations plan for international control.

of Mr. Ross and others as to its contents. The draft would confirm the view that representation rested upon membership in the Security Council, would point out that the conversations could not usefully continue in the absence of the Soviet representative and would request the Secretary-General to inform the members of the United Nations that in the absence of the Soviet representative, the other Sponsoring Powers would be unable to implement the resolution of the General Assembly of November 23, 1949.

C. H. RUSSELL

IO Files : US/S/C.3/29

*Memorandum of Conversation, by Mr. Charles H. Russell, Adviser,
United States Mission at the United Nations*

CONFIDENTIAL

[NEW YORK,] January 19, 1950.

Subject: Conventional Armaments

Participants: Baron de la Tournelle, General Penette,¹ French
Delegation

Mr. Cole,² United Kingdom Delegation

Mr. Nash,³ Mr. Russell, United States Mission

At Mr. Nash's suggestion, a meeting was held at the French Delegation yesterday afternoon to consider the work of the Commission for Conventional Armaments in view of the action taken by the Security Council on January 17, 1950 in transmitting to the C.C.A. the General Assembly Resolution of 5 December 1949, calling upon the C.C.A. to proceed with its plan of work.⁴

¹ Général de Brigade M. Penette, French Army Representative to the Military Staff Committee from January 28, 1950.

² David L. Cole, Adviser, Permanent British Delegation to the United Nations.

³ Frank C. Nash, Deputy United States Representative to the Commission for Conventional Armaments.

⁴ In Resolution 300 (IV), December 5, 1949, adopted by a vote of 44 to 5 with 5 abstentions, the General Assembly recommended that the Security Council continue to study the regulation and reduction of armaments through the agency of the Commission for Conventional Armaments in accordance with its plan of work. For the text of Resolution 300 (IV), see *Foreign Relations*, 1949, vol. 1, p. 242.

At its 462d Meeting, January 17, 1950, the Security Council approved a French proposal that the Resolution be transmitted to the Commission for Conventional Armaments. The vote on the proposal was nine in favor, with Yugoslavia not voting and the Soviet Union absent.

For the text of the Plan of Work adopted by the Commission for Conventional Armaments on June 18, 1947, and approved by the Security Council on July 8, 1947, see United Nations, *Official Records of the Security Council, Second Year, Supplement No. 14*, p. 142 (hereafter cited as SC, 2nd yr., Suppl. No. 14). The plan consisted of six points: (1) terms of reference, (2) general principles, (3) safeguards, (4) practical proposals for regulation and reduction of armed forces, (5) extension of the system to non-United Nations members, (6) submission of a report or reports to the Security Council.

Mr. Nash said that he presumed that when the Commission resumed its work, item 3 of the plan of work would be taken up. He referred to memoranda and letters on safeguards which had been prepared in 1947 and 1948, particularly a memorandum of the French Delegation of September 22, 1947.⁵ He thought that it would be desirable for any delegation to submit papers on safeguards which wished to do so. The Commission ought to be able to complete its work on safeguards before the meeting of the G.A. next autumn. Due to the inactivity of the Atomic Energy Commission, more attention would, perhaps, be paid to conventional armaments this year. He felt that conventional armaments must be regarded as part of an overall effort, together with atomic energy and Article 43 forces; they were parallel efforts which eventually would have to be integrated in an overall plan for collective security.

Mr. Cole said that the Foreign Office in a telegram of last August had approved of an examination of safeguards. He agreed that the Commission should resume its work on item 3. His delegation was not particularly anxious to have a meeting of the Commission arranged for the immediate future. He was not sure that the Foreign Office was ready for a discussion of item 4; he did not think that the C.C.A. could carry its work to a point comparable to that reached by the Atomic Energy Commission, as this raised the question of quotas, i.e. the proportions by which armaments would be reduced.

Mr. Nash agreed that it would be necessary to see what the situation was when the time to discuss item 4 arrived. In view of the U.S.S.R. opposition, there was obviously nothing to be done with the census and verification proposals at this time, but the work which had been done in 1949 would nevertheless be valuable in the consideration of safeguards.

Baron de la Tournelle said that in taking up the question of safeguards, he would like to pursue the views of the U.S.S.R. on the question of "control," i.e., inspection and verification. He thought it would be useful to put the hypothetical inquiry to the Russians whether, in connection with their one-third disarmament proposals,⁶

⁵ For text, see S/C.3/27, August 4, 1948, First Progress Report of the Working Committee of the Commission for Conventional Armaments, Covering the Period 20 August 1947–2 August 1948, Annex VI, pp. 20–22. For documentation on the work of the CCA in 1947, see *Foreign Relations, 1947*, vol. I, pp. 327 ff.; respecting the work of the Commission in 1948, see *ibid.*, 1948, vol. I, Part 1, pp. 311 ff.

⁶ During the Third Session of the General Assembly, Paris, 1948, the Soviet Union introduced a resolution proposing the prohibition of atomic weapons and the reduction of the armaments and armed forces of the permanent members of the Security Council by one-third. For the text of the Soviet resolution (September 25, 1948), see *ibid.*, p. 431.

they would be willing to have 1) a preliminary submission of information concerning armaments and armed forces, which would be subject to adequate verification, and 2) a continuous "control" after the plan went into effect to insure compliance therewith.

Mr. Nash agreed that if the U.S.S.R. reintroduced their one-third proposals, or renewed the discussion of them, a line of inquiry such as that proposed by Baron de la Tournelle might prove interesting and useful. He said that the Russians had never been called upon to explain their proposals in any detail, and thought that, given the opportunity, it would be well to do so provided the discussion could be kept within the area of item 3 of the C.C.A. plan of work, i.e. safeguards. He said that the Russians would likely insist that the C.C.A. get into immediate discussion of item 4, i.e. actual plans of disarmament, arguing that to consider safeguards first would be "putting the cart before the horse." Such an attempt should be resisted firmly with the argument that under existing circumstances of the world situation, there is little use in considering a plan of disarmament until it has first been determined whether it is feasible to develop real protection, i.e. adequate safeguards to insure effective compliance with any plan.

General Penette said that he could see no major obstacle to the discussion of item 3 in the Commission. It would be impossible to consider item 4 now. Before item 4 was taken up it would be necessary to know the views of the French Government, including those of the General Staff, which would want to examine the situation in the light of atomic energy and the question of Article 43 forces. Mr. Nash and Mr. Cole agreed. General Penette also agreed with Baron de la Tournelle that it would be interesting to know more about the Soviet views on "control" as suggested by the latter.

There followed a discussion of the most suitable time for the next meeting. Baron de la Tournelle thought that it would be best to wait for about six weeks by which time there might be a change in the situation relating to membership and credentials in the Security Council. China would be chairman of the Commission in February and he thought that it would be preferable to wait. It was agreed that there was no necessity for calling a meeting in the immediate future and that in the meantime the delegations represented at the meeting would continue their study of safeguards and exchange further views. The desirability of requesting the Norwegian Delegation to participate in these discussions was mentioned and appeared to meet with general agreement.

Department of State Atomic Energy Files

*Memorandum by the Counselor (Kennan)*¹

[Extracts]

TOP SECRET

[WASHINGTON,] January 20, 1950.

INTERNATIONAL CONTROL OF ATOMIC ENERGY

The Policy Planning Staff has been asked to re-examine the present position of the United States with respect to the international control of atomic energy, and to assess the adequacy of this position in the light of present circumstances, particularly the demonstrated Soviet atomic capability. The following paper is intended to contribute to this re-examination.

[Here follows Part I, 11 pages, in which Kennan examines the existing United States position on international control.]

II

In approaching the question of the adequacy of the present U.N. majority position, I am proceeding on the assumption that no basic change in the nature of the regime in power in Russia can be brought about by a voluntary subjective act of the Soviet leaders at this juncture, or indeed by anything short of a major upheaval, which would remove the communist party entirely from power in that country, or a long process of erosion and mellowing. I cannot, therefore, look to any agreement on the international control of atomic energy to be the cause or the occasion of a change of heart on the part of the Soviet leaders which would basically alter the nature of Soviet power.

¹Preparation of this report commenced in October 1949, while Kennan was holding simultaneously the positions of Director of the Policy Planning Staff and Counselor. For documentation on consideration by the Policy Planning Staff of the question of international control, see *Foreign Relations*, 1949, vol. I, pp. 191 ff. On January 1, 1950, Paul H. Nitze succeeded Kennan as Director of the Policy Planning Staff. Kennan transmitted the present draft to Lucius D. Battle, Special Assistant to the Secretary of State, on January 24 under the cover of a memorandum which read as follows: "Since Paul and the others were not entirely in agreement with the substance and since I was afraid that this report might be an embarrassing one to have on record as a formal Staff report, I have re-done this as a personal paper."

"I recommend to the Secretary's attention Section VII, pages 63-71, which is new, and is directly along the lines of his conversation of yesterday evening." The conversation has not been identified.

The source text consists of 79 typewritten, double-spaced pages. The extracts printed here, Parts II, III, V, VII, VIII, and IX in their entirety, comprise 40 pages of the report. The report is described in George F. Kennan, *Memoirs, 1925-1950* (Boston: Little, Brown and Company, 1967), pp. 471-476.

This being the case, we can reject the possibility of a wider significance of the problem of international control, and judge the adequacy of the present U.N. position to our purposes from the strict standpoint of its relation to our national security in a world where Russia is what we know it today to be.

If, in the light of this situation, it is our final judgment that the elimination of the atomic weapon from national arsenals by international agreement would confront us with a wholly unacceptable situation, and one which we would expect to remain unacceptable in the foreseeable future, then we should certainly not make any new moves at present which could have the effect of bringing us close to international agreement in the foreseeable future. Whether, in such circumstances, we should continue to support the present U.N. majority position is another question, which need not be examined at this point.

If, on the other hand, we feel that elimination of the weapon from our national arsenal by international agreement might conceivably be acceptable to us, in the sense that the risks of such an agreement might be conceived to be less than the risks of no agreement at all, then it can be questioned whether the present U.N. majority plan is entirely adequate to our purposes.

Why is this true? In the first place, the U.N. plan is based in large part on the thesis that there is a serious prospect for the early use of nuclear fuels for peaceful purposes, and that an attempt must be made to meet the problem of how to control production of such fuels. Yet this prospect as far as the Staff can learn, is by no means favorable enough today to be permitted to stand in the way of an abolition of atomic weapons by international agreement, if there were a real chance that this could be achieved.* If there were to be no production of nuclear fuels for any purpose, it might well be questioned whether all remaining atomic activities could not, under relatively moderate safeguards, be left in national hands, and whether an international operating and managing authority could not therefore be dispensed with altogether at this stage, thus removing one of the main bones of contention in the present plan.

This is, of course, the essential feature on which most of the more recent serious suggestions for departure from our present position

*This discussion of "peaceful uses" is meant to apply only to such peaceful uses as would require large reactors, producing dangerous amounts of nuclear fuel. It is not meant to apply to reactors, like the Oak Ridge pile in our country, producing isotopes for use in research and in medicine. [Footnote in the source text.]

have been based, particularly the schemes advanced by Daniel and Squires† and Newman‡.§

It is interesting to note that the recommendations of the Acheson-Lilienthal report were based specifically on the belief that the possibilities for peaceful uses were great enough to justify the effort to try to control dangerous activities.

"If atomic energy had only one conceivable use—its horrible powers of mass destruction—" the report said, "then the incentive to follow the course of complete prohibition and suppression might be very great. Indeed, it has been responsibly suggested that however attractive may be the potentialities for benefit from atomic energy, they are so powerfully outweighed by the malevolent that our course should be to bury the whole idea, to bury it deep, to forget it, and to make it illegal for anyone to carry on further inquiries or developments in this field.

"We have concluded that the beneficial possibilities—some of them are more than possibilities, for they are within close reach of actuality—in the use of atomic energy should be and can be made to aid in the development of a reasonably successful system of security, and the plan we recommend is in part predicated on that idea.

"That mankind can confidently look forward to such beneficial uses is a fact that offers a clue of not inconsiderable importance to *the kind of security arrangements* that can be made effective. . . ."

An agreement to forego operation of large reactors at this time would not have to be taken as a permanent renunciation of the possibility of the development of large-scale atomic energy production for peaceful purposes. There is no particular reason why an arrangement would have to be of a permanent nature. On the contrary, there are good reasons why it might be better to have at this time a temporary *modus vivendi*. In the first place, as pointed out above, the progress made toward beneficial uses of nuclear fuels is not yet such as to make it really important that international society occupy itself *now* with

†*A Road to Atomic Peace*, by Cuthbert Daniel and Arthur M. Squires; the Christian Century Foundation, Chicago, 1949. [Footnote in the source text.]

‡James R. Newman, former Counsel to the McMahon Committee, whose views were set forth in a broadcast over ABC on October 26, 1949, and summed up, without attribution in the lead editorial of *The New Republic*, Vol. 121, No. 19, Issue 1823, November 7, 1949. [Footnote in the source text.]

§The Russians are specific in naming the question of the operation of an international authority in the Soviet Union "... a question of substance ... a fundamental point ..." (Vyshinski's speech of November 10, 1949, before the United Nations Assembly). [Footnote in the source text. Reference is to the address by Soviet representative Vyshinsky at the 33rd meeting of the *Ad Hoc Political Committee of the General Assembly*, November 10, 1949; for the record of his remarks, see United Nations, *Official Records of the General Assembly, Fourth Session, Ad Hoc Political Committee* (hereafter cited as GA (IV), *Ad Hoc Political Committee*), pp. 186-189.]

||"A Report on the International Control of Atomic Energy", Washington, D.C., March 16, 1946; Department of State Publication 2498, pp. 15-16. [Footnote in the source text.]

the thorny problems of control which production of nuclear fuels for peaceful purposes would involve. In a few years, this situation may have a different aspect. In the second place, the international political situation could hardly be less favorable than it is today for the negotiation of any extensive international agreements of a permanent nature. Our policy must be based upon the knowledge that change is the essence of human affairs and upon the hope that change will affect this situation favorably over the course of some years. If so, the future would presumably be a better time to try to arrive at permanent arrangements for international control of atomic energy than is the present.¶

I must further question whether our non-committal attitude on the matter of stages—an attitude developed during the period when we considered ourselves the sole custodians of the secrets and know-how of bomb production—is wholly justified in a period when that premise has been demonstrated no longer valid.

Surely, as things stand today, there can be little ground for concern about the particular stage at which our atomic secrets should be revealed to other nations in the establishment of any plan of control. It may be asked, therefore, whether it is really true today, as the Atomic Energy Commission stated in its Third Report to the Security Council, that “until agreement on the basic principles of control has been reached, the elaboration of proposals to cover . . .” the subject of stages “. . . would be unrealistic and would serve no useful purposes. . . .”** It does seem that there should be some way in which the Russians could be given unequivocal assurance in the preliminary phase of negotiations that effective prohibition of the weapon and closing down of nuclear fuel producing plants in all countries, including our own, would take place concurrently with, or at least not subsequent to, the establishment of a strict control over raw materials.

A question further exists as to our position on the disposal of stocks of nuclear fuel. It should be noted that if large reactors were to be abolished, strategic advantage in atomic weapons would depend largely

¶ The concept of a temporary rather than a permanent agreement is not a new one. In the discussion of the control problem by W. T. R. Fox, in the volume *The Atomic Weapon* (Harcourt, Brace and Co., New York, 1946) which was one of the first comprehensive private treatises on this problem, contained the following passage:

“Top priority must today be given to the transitional problem of keeping the future open until men can make the fundamental adaptation necessary to civilized life in the atomic era. It cannot be too strongly reiterated that ‘permanent’ solutions which risk atomic war now in order to have permanent peace later are no solutions.” [Footnote in the source text.]

** Third Report of the UNAEC to the Security Council, May 17, 1948, Part I (State Department Publication 3179, p. 3). [Footnote in the source text.]

upon this factor. It seems generally to have been envisaged on our side that quotas would be so arranged as to preserve for us a clear strategic advantage in the event of seizure.†† One might, however, consider arrangements looking toward a complete destruction of all large stocks of nuclear fuel or the disposal in such a manner as would prevent any cheap and easy seizure and exploitation for military purposes by either side. In other words, one could conceive of an agreement which would eliminate the factor of strategic advantage entirely, as far as atomic weapons are concerned.

Similarly, it would seem that greater clarity could be created on the subject of the veto, in its relation to the problem of enforcement. If, as General McNaughton stated in the consultations of the "Six",‡‡ emphasis has shifted in the Commission "from the unattainable objective of prevention and punishment of violators by an autocratic and powerful authority to the more reasonable and reliable purpose of setting up an effective system to ensure adequate warnings", is it still necessary to hold over the Russian head the determination that "there shall be no legal right, by 'veto' or otherwise, whereby a willful violator of the terms of the treaty or convention shall be protected from the consequences of violation of its terms"? §§ In other words, if we are to rely on adequate notice, rather than prevention, of violation, is there any reason why we should not go the whole hog and make it entirely clear that in any temporary *modus vivendi*, at any rate, there would be no question of a weakening of the veto power in the Security Council?

Finally, we could, as indicated above, make an effort to arrange for the discussion of these matters through channels where there would be better possibilities of getting the Russians to talk in a businesslike and revealing manner than in the multilateral U.N. bodies where they have heretofore been discussed.

The above suggestions are not put forward at this point as recommendations for a new "United States plan". They are put forward

†† Note the passage from the Acheson-Lilienthal report; ". . . Once the plan is fully in operation it will afford a great measure of security against surprise attack; it will provide clear danger signals and give us time, if we take over the available facilities, to prepare for atomic warfare. The significant fact is that at all times during the transition period at least such facilities will continue to be located within the United States. . . ." ("A Report on the International Control of Atomic Energy", *op. cit.*, p. 50). [Footnote in the source text.]

‡‡ U.N. Document A/Permanent Members AEC/SR.9, October 24, 1949, p. 3.

§§ See footnote 17. [Footnote in the source text. Reference is to the address by Bernard M. Baruch, United States Representative at the First Meeting of the United Nations Atomic Energy Commission, June 14, 1946, in New York. For text, see United Nations, *Official Records of the Atomic Energy Commission, First Year, Plenary Meetings* (hereafter cited as AEC, *1st yr., Plenary*), pp. 4-14, or Department of State *Bulletin*, June 23, 1946, pp. 1057-1062. For documentation on United States proposals during 1946 regarding the international control of atomic energy, see *Foreign Relations*, 1946, vol. I, pp. 712 ff.]

merely to emphasize that if it should really be our purpose to move as rapidly as possible toward the removal of this weapon from national armaments without insisting on a deep-seated change in the Soviet system, there are a number of features of our present position which do not seem to give maximum recognition to such a motive. The question of the extent to which these suggestions could be utilized in international negotiation, and of the manner in which this might be done, is a separate question, involving many important considerations of political wisdom and tactics, and will be discussed below.

It is also not intended to suggest that modification of our position along the lines indicated above would guarantee agreement with the Russians or even with our western allies. It is true that with the international authority and the veto out of the picture, and with firm U.S. assurances that staging would not operate to Soviet disadvantage, we would have met what appear to be the principal Soviet objectives [*objections?*] to the present U.N. majority plan. However, any new proposals along the lines suggested above would certainly raise new questions which have not heretofore had to be faced. There is no assurance that the inspection provisions we would still find it necessary to insist upon, even under a temporary agreement of this sort, would prove to be palatable to the Soviet leaders, although they would certainly be less onerous than the interference in Soviet life which would be called for by the operation in the Soviet Union of an international authority owning and managing large installations.¶¶

The most serious question is whether the Russians would agree to forego all development of atomic energy in large-scale reactors for peaceful uses. There is every evidence that the Soviet leaders not only attach high importance to experimentation with the peaceful uses of atomic science but that they regard it as a matter of prestige that the "socialist" state keep itself entirely free to proceed with such development, unhampered by any physical interference from the capitalist side. They believe such interference to be implied by the present U.N. plan. They might well take a similar view of the obligations inherent in the sort of arrangements suggested above. In this view, there is probably a reflection of the tendency toward technological escapism which is natural to a country where economic development has been extremely uneven—a country which has highly primitive areas in its economy and which is always searching for means whereby whole stages of technological development experienced by the older industrial nations can be skipped over entirely.

¶¶It is interesting to note that neither Squires and Daniel nor Newman considered their ideas likely of acceptance by the Russians. [Footnote in the source text.]

The assumption that Soviet views run in this direction is borne out by the tenor of Soviet propaganda in recent weeks. The Tass communiqué issued in connection with the U.S. announcement about the atomic explosion in Russia, while not specifically claiming that atomic energy was already being used for peaceful purposes, obviously aimed to leave such an implication in the mind of the reader by talking about “. . . construction work of great scale . . . necessitating great explosive work with application newest technical means. . . .”¶¶

Vyshinski, in his speech before the United Nations on November 10, 1949, said :

“ . . . these great inventions ought to be utilized in order to raise the economic, social and cultural level of mankind, to raise our level of progress and to expedite our progress. The role of atomic energy in economic and social development is tremendous, we cannot exaggerate it. And this makes it quite clear how evil, how sorrowful, it would be if this question were taken away from the control of sovereign, peace-loving states” *

Atomic energy, he said, “is assigned an exceptional economic, social and cultural significance” in the national economy of the Soviet Union. He criticized the present U.N. plan as one the implications of which “would make it impossible to use atomic energy for peaceful purposes at all”. All these statements indicate that there will be vigorous Soviet resistance to the suggestion that large reactors be banned.

And we should expect to encounter similar resistance from the British and perhaps from other governments as well.

III

The problem whether it is desirable for this Government to move now as far as possible and as rapidly as possible toward international control is only part of a deeper problem, involving certain very far-reaching judgments and decisions of national policy, both foreign and domestic. It is not the purpose of this paper to deal exhaustively with this deeper problem or to make recommendations for its solution. But it is important, in any consideration of the international control problem, to identify the larger problem of which it is a part, to see what other things are logically involved in it, and to note certain factors bearing upon it which have particular importance from the standpoint of international control.

¶¶Telegram 2406, September 25, 1949, from the American Embassy in Moscow to the Department of State. [Footnote in the source text. For text of telegram under reference, see *Foreign Relations*, 1949, vol. v, p. 656.]

*US/C/AC.31/238, p. 18. [Footnote in the source text. For the record of Vyshinsky's address at the 33rd Meeting of the *Ad Hoc* Political Committee, November 10, 1949, see GA(IV), *Ad Hoc Political Committee*, pp. 186-189.]

The real problem at issue, in determining what we should do at this juncture with respect to international control, is the problem of our attitude toward weapons of mass destruction in general, and the role which we allot to these weapons in our own military planning. Here, the crucial question is: Are we to rely upon weapons of mass destruction as an integral and vitally important component of our military strength, which we would expect to employ deliberately, immediately, and unhesitatingly in the event that we become involved in a military conflict with the Soviet Union? Or are we to retain such weapons in our national arsenal only as a deterrent to the use of similar weapons against ourselves or our allies and as a possible means of retaliation in case they are used? According to the way this question is answered, a whole series of decisions are influenced, of which the decision as to what to do about the international control of atomic energy and the prohibition of the weapon is only one.

We must note, by way of clarification of this question, that barring some system of international control and prohibition of atomic weapons, it is not questioned that *some* weapons of mass destruction must be retained in the national arsenal for purposes of deterrence and retaliation. The problem is: for what purpose, and against the background of what subjective attitude, are we to develop such weapons and to train our forces in their use?

We may regard them as something vital to our conduct of a future war—as something without which our war plans would be emasculated and ineffective—as something which we have resolved, in the face of all the moral and other factors concerned, to employ forthwith and unhesitatingly at the outset of any great military conflict. In this case, we should take the consequences of that decision now, and we should obviously keep away from any program of international dealings which would bring us closer to the possibility of agreement on international control and prohibition of the atomic weapon.

Or we may regard them as something superfluous to our basic military posture—as something which we are compelled to hold against the possibility that they might be used by our opponents. In this case, of course, we take care not to build up a reliance upon them in our military planning. Since they then represent only a burdensome expenditure of funds and effort, we hold only the minimum required for the deterrent-retaliatory purpose. And we are at liberty, if we so desire, to make it our objective to divest ourselves of this minimum at the earliest moment by achieving a scheme of international control.

We should remember that more depends on this basic decision than simply our stance toward the problems of international control. It must also have an important effect on our domestic atomic energy program, and particularly on what we do about the superbomb. If we

decide to hold weapons of mass destruction only for deterrent-retaliatory purposes, then the limit on the number and power of the weapons we should hold is governed by our estimate as to what it would take to make attack on this country or its allies by weapons of mass destruction a risky, probably unprofitable, and therefore irrational undertaking for any adversary. In these circumstances, the problem of whether to develop the superbomb and other weapons of mass destruction becomes only a question of the extent to which they would be needed to achieve this purpose. It might be, for example, that the present and prospective stockpile of conventional bombs, combined with present and prospective possibilities for delivery, would be found adequate to this purpose and that anything further in the way of mass destruction weapons would be redundant, or would fall into an area of diminishing returns.†

If, on the other hand, we are resolved to use weapons of mass destruction deliberately and prior to their use against us or our allies, in a future war, then our purpose is presumably to inflict maximum destruction on the forces, population and territory of the enemy, with the least expenditure of effort, in full acceptance of the attendant risk of retaliation against us, and in the face of all moral and political considerations. In this case, the only limitations on the number and power of mass destruction weapons which we would wish to develop would presumably be those of ordinary military economy, such as cost, efficiency, and ease of delivery.

Depending, therefore, on which of these courses is selected, our decision on the superbomb might be one of two diametrically opposite ones.

It is unnecessary to dwell on the significance of this decision from the standpoint of our military planning in the field of conventional weapons. Obviously, if we make our use of weapons of mass destruction dependent on their prior use against us or our allies, we subject ourselves to the possibility that they may not be used at all, and we then have to be prepared to accept combat with conventional weapons. This affects not only the composition of our armed establishment but also the concept which we may entertain of our objectives in the event of a future war with the U.S.S.R. For what could conceivably be achieved militarily and politically without atomic weapons, whether something better or something worse, is presumably at least *different*

† Note that the Soviets claim that their aim in developing the bomb is only to have "enough" for purposes of retaliation. Vyshinski, in his speech before the U.N. Assembly on November 10, 1949, said: "We in the Soviet Union are utilizing atomic energy, but not in order to stockpile atomic bombs—although I am convinced that if, unfortunately and to our great regret, this were necessary, we should have as many of these as we need—no more and no less." [Footnote in the source text. GA(IV), *Ad Hoc Political Committee*, p. 188.]

from what could be achieved with them. On this, in turn, must depend some of the allotment of emphasis as between military and political objectives, as well as the concept of what we would be prepared to regard as a favorable issue of the conflict.

This, in turn, raises further important questions, which are more than military, about our relationship to the other countries of the Atlantic Pact group.² It has a strong bearing not just on what is done by way of preparation for another war, but also on the policies which we would wish to follow in time of peace. It is part of the great question, as yet unsettled in either the official or the public mind in this country, as to whether our conflict with world communism should be regarded as one susceptible of settlement by the devastations of war alone or as one requiring at least a supporting (if not a major) victory in the field of ideas.

Plainly, then, far more than our attitude toward international control is involved in the decision as to the purposes for which we are to hold atomic weapons in the absence of such control. There is a clear warning here against any policy with respect to the international negotiations which does not flow from a basic decision on this point, and is not part of a logical pattern of overall policy in both foreign and domestic fields, likewise flowing from such a decision.

[Here follows Part IV, 17 pages, in which Kennan comments further on factors affecting the United States attitude toward atomic weapons and their function in the national arsenal from the standpoint of international control.]

V

Any discussion of the military implications of a decision not to rely on the atomic bomb as "our principal initial offensive weapon in any future war"[‡] brings up the subject of limitation of conventional armaments. Those who see a real military sacrifice in such renunciation will be inclined to say that the U.S., having thus far successfully resisted any coupling of the subjects of international control of atomic energy and disarmament in conventional weapons, should now, in the light of its atomic superiority, insist upon linking the two subjects and refuse to disarm atomically unless and until the Russians reduce their conventional armaments.

² For documentation on the North Atlantic Treaty Organization, see vol. III, pp. 1 ff.

[‡] See footnote no. 39, p. 30. [Footnote in the source text. The footnote under reference cites *The National Defense Program—Unification and Strategy: Hearings Before the Committee on Armed Services*, United States House of Representatives (81st Cong., 1st sess.), p. 319. The hearings occurred during October 1949. The particular quotation appeared in an article by General Omar N. Bradley, Chairman of the Joint Chiefs of Staff, reprinted in the hearings from the *Saturday Evening Post*, October 15, 1949.]

The subject of limitation of conventional weapons is confused and obscure, due (a) to the high degree of unreality which has marked the postures assumed by both Soviet and American Governments in the past, (b) to the tremendous disparity and lack of comparability in the armed establishments of the two powers, (c) to their respective systems of military alliances and commitments, and (d) to the staggering uncertainties surrounding the possibilities for verification and enforcement of any agreements along this line. The evolution of U.S. policy on regulation of conventional armaments, in particular, has been perfunctory and haphazard, and has left us with no clear governmental position on what we think might be possible and desirable and worth trying to achieve.

A study of the problem of international control of atomic energy is not the framework in which to develop policy recommendations about disarmament in conventional weapons. Yet there are certain appreciations on this subject which may usefully be borne in mind if the problem of atomic control is to fall into proper perspective. These are the following :

1. There are important differences in the problem of disarmament, as between atomic and conventional weapons, to wit :

(a) Prohibition of the atomic weapons would have certain special advantages beyond those which would be obtained by disarmament in conventional weapons. These advantages correspond to the special drawbacks of the weapon : the horror which it holds for civilian populations ; its capacity for causing nervousness, insecurity and a war psychosis ; the difficulty of placing its development into a proper relationship to other measures of defense and foreign policy ; and its tendency to influence national policy as well as intellectual life in unfortunate ways. While all distinctions in armaments, from the moral as well as the political standpoint, are ones of degree, who can say that for this reason they are less important ? It cannot therefore be argued that atomic disarmament is a logical absurdity unless accompanied by conventional disarmament.

(b) Restrictions on the atomic weapon are easier to enforce than measures of disarmament relating to conventional weapons and forces. The raw materials for atomic weapon production are few and relatively scarce. The facilities and processes necessary for its production are ones peculiar to this purpose and not needed, as things stand today, for any normal peacetime purpose. The installations are costly, cumbersome, difficult to conceal, and delicate to operate. Conventional armaments, on the other hand, involve innumerable productive processes, many of which are part and parcel of a normal peacetime economy, as well as a great multiplicity of installations and concentrations of men, weapons, facilities and materials.

2. With respect to conventional armaments, there could be, at this stage, no question of any prohibition—only of reductions. But reductions are extremely hard to arrange unless there is a fair degree of comparability between the establishments of the respective countries, in size as well as in type. In the case of the U.S. and U.S.S.R. this comparability is conspicuously lacking. The scale on which the Soviet ground force establishment is maintained is so out of proportion to that of our own that our ground forces would be substantially balanced out just by the Soviet police army alone, to which Soviet representatives never refer in international negotiations and which they obviously do not regard even as a potential object of discussion from the standpoint of reduction of armaments. Furthermore, their system of military training and of disciplinary control over the population means that demobilized soldiers could be re-mobilized with great speed and effectiveness. In the light of these facts, it is clear that even if the Soviet Government consented to demobilize unilaterally most of the Red Army, with no reduction at all on our part, it would still have both forces in existence and a capability for mobilization entirely adequate to balance all the Atlantic Pact countries could conceivably put up in this line in the foreseeable future. Since it would certainly not do anything remotely as generous as this, but would insist on heavy and significant reductions in western forces as against only such reductions on its own part as would leave at least the major part of the present Red Army intact, it is hard to conceive of any arrangement for reduction in ground forces which would be within the bounds of realistic possibility and which could yet operate to the advantage of the western powers.

3. It has been suggested that possibly the Soviet Government might be prevailed upon to go in for a mutual reduction of offensive weapons such as tanks, long-range bombers and submarines, and that in this way the total Soviet potential could be at least reduced to a point where western Europe would no longer feel threatened. It is difficult to follow this line of reasoning through to any very hopeful conclusion. Aside from the almost insuperable problem of verification and control of any such undertakings, the Russians would certainly not be interested in them if they altered the general military balance in Europe to the Soviet disfavor. Yet if they did not so alter it, they could hardly carry any real reassurance to the peoples of western Europe. Moreover, it seems doubtful if the distinction between offensive and defensive weapons has any practical validity.

4. Any commitment on the part of any of the western powers to reduce conventional armed establishments could hardly fail to fall foul of the Atlantic Pact: i.e., of the obligations contained in that pact, and of the military planning accomplished within its framework. No Atlantic Pact power could now negotiate alone with the Russians about the reduction of conventional armaments. This is in itself enough to make any practical result highly unlikely, for nothing is harder than international negotiation by a group of sovereign powers. Moreover, proposals for any actual reduction in western strength, along lines which would be of interest to the Russians, would probably run directly counter to the purposes of the Military Assistance Program, and to obligations assumed in connection therewith.

This could hardly fail to cause great confusion, not only to people in Europe but above all to members of our Congress who are being asked to support the program.

5. In general, it must be recognized that the most important reasons why the Russians today so overshadow the west in conventional weapons lie not in the scale of Soviet armaments, formidable as this may be, but rather in the disappearance of Germany as a factor in the military balance between east and west, in the high cost of armaments to the states of western Europe and North America, and above all in the presence of Russian military forces in the very heart of Europe by virtue of the continued occupation of Germany and Austria.³ If the Atlantic Pact nations wish to redress the present disbalance in the power of conventional armaments, as between east and west, they must find means first and foremost to get the Russians out of the center of Europe; a more easily verifiable, controllable and effective means of relieving the military pressure on the west than promises of reduction of armaments. They must also find ways of harnessing western German skills and energies to the building of defensive strength in the west as a whole, not in Germany alone. Finally, they must face up to the fact that a Russian military potential built on so vast a foundation of sacrifice and discipline can be effectively met only by a western effort in which sacrifice and discipline play at least a respectable, if not a comparable, part. Should the west do all these things, the day might come when the Russians would find incentive for considering a real and significant reduction in conventional armaments, although the chances of anything of this sort being brought about by formal international agreement of a multilateral nature would still be small. As things stand today, the Russians are not going to be so obliging as to relieve the west gratuitously, through some agreed reduction in conventional armaments, of a military disparity in conventional weapons which is one of Communism's most valuable political assets and an important compensating asset for the reverses suffered by Moscow to date in the European cold war.

It is impossible to say, just in the light of the above considerations, what this Government should or should not do about conventional disarmament. But it is possible to say that if the abolition of the atomic weapon must await agreement on a comprehensive program for reduction of conventional armaments, it may as well be dismissed from present consideration. And in this case, we should plainly not undertake today any new moves in the field of international control.

The same applies, of course, to a voluntary renunciation on our part of the deliberate use of the atomic weapon. Unless we are prepared to accept the situation which would ensue, from the standpoint of our resultant potential in conventional weapons, we should neither offer to give up the bomb nor resolve to forego the deliberate use of it. The possibilities for conventional disarmament are neither great

³ Documentation on United States policy with respect to Germany and on U.S. policy with respect to Austria is scheduled for publication in volume iv.

enough nor sufficiently relevant to the problem to provide a plausible escape from this harsh choice.

[Here follows Part VI, 10 pages, which discusses the Soviet attitude toward atomic weapons, citing the Russian practice of minimizing in public statements the effectiveness of weapons of mass destruction. Kennan contends, however, that for both ideological and practical reasons, the Soviet Union does wish to avoid nuclear war.]

VII

It flows from the above discussion that if, as I understand to be the case at the present moment, we are not prepared to reorient our military planning and to envisage the renunciation, either now or with time, of our reliance on "first use" of weapons of mass destruction in a future war, then we should not move closer than we are today to international control. To do so would be doubly invidious; for not only would we be moving toward a situation which we had already found unacceptable, but we would meanwhile be making that situation even more unacceptable by increasing our reliance on plans incompatible with it.

If our military plans are to remain unchanged in this respect, then it is probably best for us to rest on the present U.N. majority proposals, not pressing them with any particular vigor, but taking care not to undermine them by any statements which would suggest a lack of readiness on our part to accept them should they find acceptance in the Soviet camp. It is true that this position is somewhat disingenuous, since if the Russians should accept what we are ostensibly urging them to accept, we might be acutely embarrassed. But the danger of their accepting it is not serious. And in the present circumstances any new departure, involving even the suggestion of a withdrawal from the U.N. proposals or of a willingness to consider other ones, would result in much confusion, as between ourselves and our friends, which would be both difficult to dispel and unnecessary.

Unless, therefore, we are prepared to alter our military concepts as indicated above, thereby placing ourselves in a position where we could afford to take these weapons or leave them as the fortunes of international negotiation might determine, I urge that we consider the question of the desirability of some new international approach to have been studied and answered in the negative, and that we bury the subject of international control as best we can for the present.

The remaining discussion in this paper accordingly relates only to what we might do if we *had* reviewed our military concepts, if we *had* come to the conclusion that we would no longer rely on mass destruction weapons in our planning for a future war, and if we *had* resolved to work ourselves out of our present dependence on those weapons as rapidly as possible.

The first thing we would obviously have to do would be to discuss this new state of mind with our allies in the Atlantic Pact group, with a view to obtaining their understanding for our background thinking and their agreement to the modifications of military planning which it implies. If it proved impossible to come to any meeting of the minds with our allies on these points a new situation would be created, which would have to be examined on its merits. The other members of the Atlantic Pact have no formal right, of course, to compel us to plan to wage war with weapons which we had concluded to be unacceptable to our people as weapons of "first use". On the other hand, we would have to calculate the political and psychological damage which might be done by overriding their objections too brutally. If this damage seemed exorbitant, in terms of the cold war, then we would presumably have no choice but to carry on with the present position both as respects military plans and international control. However, in this case we should be careful to bring home to the Europeans the full consciousness of the responsibility they were undertaking in asking us to defer to them on this point.

Assuming, however, that our new position with relation to the use of mass destruction weapons was finally to commend itself to the other members of the Atlantic Pact group, we would then be able to take a public position with regard to mass destruction weapons similar to that taken by the Soviet Government: namely that we deplore the existence and abhor the use of these weapons; that we have no intention of initiating their use against anyone; that we would use them only with the greatest of reluctance and only if this were forced upon us by methods of warfare used against us or our allies; and that in the absence of international agreement on the abolition of such weapons under suitable safeguards we would hold only enough to assure that it would be suicidal folly for anyone else to use them against ourselves or our allies. The President being charged with the supreme responsibility for the operations of our armed forces, including advance planning activities, this position should be taken as a matter of executive policy. To the extent that Congressional opinion might associate itself with such a position, this would be all to the good; but I see no reason why Congressional support need be a prerequisite.

Having taken such a public attitude, we would then have, for the first time since we began to amass stockpiles of atomic bombs, a clear and suitable position from which to address ourselves to the problem of international control. Our first decision would then have to be whether, even in these circumstances, we would be prepared to accept international control on terms which would yield less security against violation than the present U.N. proposals or whether we would prefer to rest our security on the maintenance of stockpiles of mass destruc-

tion weapons for such deterrent-retaliatory value as they might have. This is of course the central question in the whole international control problem; and impressive arguments can be advanced on both sides.

It is my own view that arrangements based on any or all of the suggestions contained in the second section of this report, above, while quite possibly inferior to the present U.N. proposals from the strict standpoint of theoretical atomic security, would still be preferable to a situation in which both sides would be retaining atomic weapons, and presumably other weapons of mass destruction, for purposes of retaliation, with no agreement existing concerning their control or prohibition. I base this conclusion on my conviction that it would be difficult for us, if we are to hold and develop such weapons at all, to keep them in their proper place as an instrument of national policy and to arrive at the delicate judgments which would have to be made currently about the money and effort which should be devoted to their cultivation and the role which should be allotted to them in our military planning. I believe that the peculiar psychological overtones by which these weapons will always be accompanied will tend to give them a certain top-heaviness as instruments of our national policy, and that this top-heaviness, in turn, will inevitably impart a certain eccentricity to our military planning, where there should be equilibrium.

I fear, moreover, that this tendency to eccentricity may not be limited to our military planning but may tend to affect our concept of what it is that we could achieve by the conduct of war against the Soviet Union. Whether or not war on the grand scale can achieve positive aims for an aggressive totalitarian power, it is my belief that it cannot achieve such aims for a democracy. It would be useful, in my opinion, if we were to recognize that the real purposes of the democratic society cannot be achieved by large-scale violence and destruction; that even in the most favorable circumstances war between great powers spells a dismal deterioration of world conditions from the standpoint of the liberal-democratic tradition; and that the only positive function it can fulfill for us—a function, the necessity and legitimacy of which I do not dispute—is to assure that we survive physically as an independent nation when our existence and independence might otherwise be jeopardized and that the catastrophe which we and our friends suffer, if cataclysm is unavoidable, is at least less than that suffered by our enemies. For such positive purposes as we wish to pursue, we must look to other things than war: above all, to bearing, to example, to persuasion, and to the judicious exploitation of our strength as a deterrent to world conflict. The best that war can do is to keep our nation intact, in order that we may have an oppor-

tunity to continue to function as a unified and effective society and to employ these other instruments of national policy on which real progress must rest. I feel that the absence of international agreement outlawing the weapons of mass destruction, and the retention in the national arsenals of this country and of the Soviet Union of such weapons, will have a tendency to confuse our people with regard to the realities to which I have just referred and to encourage the belief that somehow or other results decisive for the purposes of democracy can be expected to flow from the question of who obtains the ultimate superiority in the atomic weapons race. We cannot have a clear and sound national policy unless it is based on a correct appreciation by our people of the role and possibilities of the various weapons of war, and of warfare itself, as instruments of national policy. I fear that the atomic weapon, with its vague and highly dangerous promise of "decisive" results, of people "signing on dotted lines", of easy solutions to profound human problems, will impede understanding of the things that are important to a clean, clear policy and will carry us toward the misuse and dissipation of our national strength.

While both dangers are great, I would hold this latter danger to be a more serious one than that which would reside in an imperfect system of international prohibition and control, and I would therefore favor the latter.

It may be said that all weapons are cruel and destructive, if they are to serve their purpose; that many of the conventional weapons also bring death and hardship to civilian populations; that the destructive horror of the atomic weapon is only a matter of degree; and that the above concept is therefore an unsound one which, if carried to its ultimate conclusions, would lead to a Ghandian policy of unilateral demilitarization, non-resistance and appeasement.

As to the assertion that this is only a matter of degree, I think that the following words of Shakespeare are entirely relevant and applicable:

"Take but degree away—untune that string
And hark what discord follows: . . .
Then everything includes in power—
Power into will, will into appetite,
And appetite, a universal wolf,
So doubly seconded with will and power,
Must make perforce a universal prey
And last eat up himself."§

These words would have a prophetic applicability even if there were no distinction of substance between the weapons which we know

§ From "Troilus and Cressida". [Footnote in the source text.]

as the weapons of mass destruction and the others. But I believe that there is such a distinction. It may be an inexact and imperfect one; but if we were to reject all distinctions in life on the basis of inexactness and imperfection, no civilization would be possible. The distinction lies in the way in which a weapon can be applied. By and large, the conventional weapons of warfare have admitted and recognized the possibility of surrender and submission. For that reason, they have traditionally been designed to spare the unarmed and helpless non-combatant, who was assumed already to be in a state of submission when confronted with military force, as well as the combatant prepared to lay down his arms. This general quality of the conventional weapons of warfare implied a still more profound and vital recognition: namely that warfare should be a means to an end other than warfare, an end connected with the beliefs and the feelings and the attitudes of people, an end marked by submission to a new political will and perhaps to a new regime of life, but an end which at least did not negate the principle of life itself.

The weapons of mass destruction do not have this quality. They reach backward beyond the frontiers of western civilization, to the concepts of warfare which were once familiar to the Asiatic hordes. They cannot really be reconciled with a political purpose directed to shaping, rather than destroying, the lives of the adversary. They fail to take account of the ultimate responsibility of men for one another, and even for each other's errors and mistakes. They imply the admission that man not only can be but is his own worst and most terrible enemy.

It is entirely possible that war may be waged against us again, as it has been waged against us and other nations within our time, under these concepts and by these weapons. If so, we shall doubtless have to reply in kind, for that may be the price of survival. I still think it vital to our own understanding of what it is we are about that we not fall into the error of initiating, or planning to initiate, the employment of these weapons and concepts, thus hypnotizing ourselves into the belief that they may ultimately serve some positive national purpose. I doubt our ability to hold the respective weapons in our national arsenal, to fit them into our military and political plans, to agree with our allies on the circumstances of their use, and to entertain the prospect of their continued cultivation by our adversaries, without backsliding repeatedly into this dangerous, and possibly mortal, error. In other words, even if we were to conclude today that "first use" would not be advantageous, I would not trust the steadfastness of this outlook in a situation where the shadow of uncontrolled mass destruction weapons continues to lie across the peoples of the world.

Measured against this alternative, an imperfect system of international control seems to me less dangerous, and more considerate of those things in international life which are still hopeful.

VIII

To ask that these views find general acceptance in this Government is asking a great deal; and the likelihood that this should happen at any early date seems so slight that I am not sure how useful it is to try to spell out what we should do about international control in such a contingency. A few suggestions along this line might serve, however, to show what our problem would still be in such a situation.

Our first task would be to thresh this question out with those nations who have supported our leadership in the U.N.A.E.C. We would have to inform these governments, in discussions as informal and private as they could be made, of the background of our attitude, and to explore with them what might conceivably be acceptable along the lines of the suggestions contained in Section II of this report. If we did not run into difficulty elsewhere, we would almost certainly have difficulty in persuading the British to consider the abolition of large reactors. It is probable that if they could be brought to this point at all, it would only be slowly and after repeated exchanges of views. If they still refused to consider such a possibility, we would quite possibly have to regard ourselves as having come again to the end of our rope in the question of international control. In such a case we would presumably wish to shift responsibility to the British for the failure to make headway in the international control problem. It might then be necessary for us to make some public statement indicating our own willingness to consider solutions which might vary from the present U.N. plan, and explaining why we could go no farther along this line.

If, however, the outcome of consultations with friendly powers (presumably this would be the other members of "the Six" excluding the Soviet Union) indicated a possibility of taking soundings with the Russians, we would then wish to seek some suitable quiet channel of bilateral discussion with Soviet representatives along the lines of the Malik-Jessup talks on the Berlin blockade.⁴ The exact channel need not be determined until the time comes. It would be desirable that the person conducting the discussions on our side be someone familiar with Soviet psychology and negotiating techniques, and someone whom they will recognize as probably close to the real source of authority in this Government. This person would try to arrange

⁴ For documentation on conversations between Ambassador at Large Philip C. Jessup and Yakov A. Malik, Permanent Soviet Representative at the United Nations, March 15-May 4, 1949, see *Foreign Relations*, 1949, vol. III, pp. 694 ff.

for a leisurely series of informal meetings with some suitable Soviet representative, so interspersed that there would be plenty of time for reports to governments and for the receipt of governmental guidance between encounters. It would be best, for this purpose, to avoid on both sides the personalities and channels involved in the U.N. discussions to date.

The U.S. representative in such discussions would avoid giving the impression that he was making "new proposals" or was reflecting a change of heart in this Government. He would rather take the part of one who was trying to get to the bottom of Soviet objections to the present plan and to see whether variations could be found which could obviate these objections. He would make it plain that though he was in touch with the highest circles in his government and they were interested in whatever impressions or suggestions he may gather, he was not speaking as a plenipotentiary empowered to make agreements; he could only recommend to his Government; and any consequences which might flow from the conversations would eventually have to find acceptance not only in his Government but in the competent international bodies.

It is realized that these conversations might lead into other fundamental problems of U.S.-Soviet relations, the U.S. position on which would have to be determined in the light of the conditions then prevailing.

In these discussions, the U.S. representative might sound out his Soviet counterpart along the following lines:

- (1) a plan which could be temporary, and in the nature of a technical and political *modus vivendi*, rather than permanent;
- (2) complete prohibition of atomic weapons of every sort;
- (3) the abandonment of large reactors for this period;
- (4) disposition of fissionable materials to be in such a way as to give reasonable assurance against any one-sided advantage by seizure, if and when agreement becomes permanent;
- (5) non-dangerous activities to be left in national hands, but only on the condition of complete "openness" of research and development activity;
- (6) no international control authority and no veto provisions;
- (7) stages so arranged that termination of activity in large reactors, establishment of formal U.N. custody of large reactors and stocks of nuclear fuels, establishment of U.N. supervision over raw material sources, and prohibition of the weapon would all take place simultaneously; and
- (8) an inspection system involving:

(a) a complete showdown on existing operations including full accounting and verification of raw materials utilized to date, existing reserve and pipeline stocks, nuclear fuels produced, etc.;

(b) adequate U.N. observation over all known and declared raw material sources and facilities for investigation, and if necessary, observation over all alleged ones;

(c) U.N. supervision of large reactors during deactivization or dismantling stage, followed by periodic observation over sites of such reactors;

(d) complete openness of laboratories for serious scientific visitors on an international scale; and

(e) Periodic observation of non-dangerous activities,¶ plus *ad hoc* inspections "if there is the slightest hint of a suspicion" of "any illegal activities".¶

If these consultations with the Russians indicated that there was any real possibility of agreement on this basis then several steps would have to follow, the exact order and timing of which cannot be determined in advance :

(1) There would have to be threshed out, interdepartmentally and presumably also in consultations with Congressional leaders, a more detailed guiding line on exactly what this Government could afford to accept in the way of an interim agreement along the above lines;

(2) The other permanent members of the Security Council and Canada would have to be advised of the results of these soundings and their agreement obtained to a basic position to be taken in future international negotiations. This is particularly important in the cases of the U.K. and Canada.

(3) One of these other governments ought to be induced to take the lead in coming forward with proposals along these lines in the appropriate U.N. body.

(4) We would then have to take appropriate measures, based on what should be by then a public realization that we cannot in any event long adhere to the first use policy, to prepare public opinion in this country for the serious possibility of a modification of our position with respect to international control.

In addition to these suggestions as to how we might proceed, it is perhaps useful to record some things which we ought to avoid :

(1) We should avoid appointing any commission of outsiders to restudy the questions of international control prior to the time when we can be sure of some probability of Russian and British acceptance of a new approach; and even then we should not set up such a commission unless the results of its deliberations are reasonably predictable as ones which we can accept and utilize.

(2) We should avoid this time taking the lead publicly with the

¶Such a system would be along the lines recommended in the report issued in February, 1946, by the Committee on Atomic Energy of the Carnegie Endowment for International Peace, entitled: "A Conference Report on International Inspection of Radioactive Mineral Production". This report attached importance to an initial "complete revelation" on raw materials, which, its authors felt, would "make the following phases more or less routine". [Footnote in the source text.]

¶Vyshinski's speech, November 12, 1949. [Footnote in the source text. For the record of this address, see GA (IV), *Ad Hoc Political Committee*, pp. 207-210.]

advancement of a new scheme of international control.** If there is to be a change in our position, let it come as a response to suggestions advanced by others and not as a spontaneous alteration of our existing stand. The essence of our public position should be: "We have told the world what *we* thought was the best way of controlling atomic energy. We still believe in that, and the U.N. majority plan stands as our preferred proposal for a permanent arrangement. However, the suggestion has now been made of a temporary arrangement, involving the complete deactivization of the large reactors and a moratorium on development of atomic power for peaceful purposes over a given period. We regret the necessity for this; but if it would contribute to world stability—if this is really what it takes to bring an increased feeling of confidence and security to the peoples of the world—we would be prepared to do our part, even though we are the ones who would have to make the greatest sacrifice in effort and investment."

(3) We should not undertake the discussion of these matters with the Russians in any manner that puts us on the spot before our own public opinion. This rules out a Presidential meeting with Stalin and any other sensational public approach. Anything of this sort would not only create serious problems in our relations with the governments of the other members of the U.N. Commission, but it would produce a tremendous reaction of suspense and anticipation in our own public, which the Russians would know how to exploit to good advantage.

(4) We should avoid connecting publicly our action on the super-bomb problem with the subject of international control of atomic energy.

IX

It may be adduced, with regard to the above discussion, that it charts out a course replete with a whole series of difficulties and obstacles and that there is extremely little likelihood, judged by present circumstances, that we would ever successfully make our way to the end of it, which would be an agreement on international control. From this, it may be argued that it could hardly be worthwhile for us to embark upon it.

This is a respectable argument; and if the progress of world events in our time were slower, simpler, and easier to foresee, it might be unanswerable. But St. Paul's observation that, "We know in part and we prophesy in part", was never truer than it is of the time ahead of us, particularly in respect to the development of the international situation, the meaning of war and the function of weapons. In such a time there is only one thing a nation can do which can have any

** Interesting, from the standpoint of informed outside opinion, is the following passage from a private letter addressed to the Director of the Staff by one of the most prominent of the government's scientific consultants on atomic energy matters: "It seems to me that the time for plans, proposals and systems unilaterally offered by our Government is past, if it ever existed; and if we ever again come up with a set of proposals, it should be on the basis of some prior agreement." [Footnote in the source text. For the letter under reference, from Dr. J. Robert Oppenheimer to Kennan, November 17, 1949, see *Foreign Relations*, 1949, vol. I, p. 222.]

really solid and dependable value: and that is to see that the initial lines of its policy are as close as possible to the principles dictated by its traditions and its nature, and that where it is necessary to depart from these lines, people are aware that this is a departure and understand why it is necessary. For this reason, there is value in a clean and straight beginning, even though the road ahead may be torturous and perhaps impassable.

GEORGE F. KENNAN

330.12/1-2550 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

CONFIDENTIAL

NEW YORK, January 25, 1950—1:42 p. m.

74. On January 17, SC transmitted to CCA GA resolution of 5 December 1949, calling for continuance of CCA study of regulation and reduction of conventional armaments and armed forces in accordance with its plan of work.

In anticipation of resumption of CCA discussions, instructions are requested by USUN concerning the position to be taken on the next item of CCA plan of work to be considered, viz. item III, dealing with safeguards for a system of disarmament. Reference is made to statement submitted on item III by deputy US representative in CCA in September 1947.¹ Reference is also made to position paper RAC D-18/2e,² approved in December 1947, and to draft position paper RAC D-18/7,³ pending since 1948, each dealing with the safeguards item. Instructions are desired concerning present status of these papers and extent to which policy reflected therein continues to govern.

It is further recommended that a review be made of policy prevailing since 1947 re resolution of questions concerning atomic energy, Article 43 forces, and peace treaties with Germany and Japan, as conditions precedent to regulation of conventional armaments.⁴

Assimilation of the establishment of atomic energy control to the Article 43 forces and peace treaties questions is understood as in fact

¹ For text of the U.S. statement, September 17, 1947, see *Foreign Relations*, 1947, vol. I, p. 660.

² Document RAC D-18/2e, December 30, 1947, not printed, announced the approval by Acting Secretary of State Lovett and Secretary of Defense Forrestal of position paper RAC D-18/2d, "United States Position on Practical and Effective Safeguards Essential to the General Regulation and Reduction of Armaments and Armed Forces," November 25, 1947, prepared by the Executive Committee on Regulation of Armaments. For the text of RAC D-18/2d, see *Foreign Relations*, 1947, vol. I, p. 703.

³ Not printed.

⁴ This position was enunciated by Secretary of State George C. Marshall in an address at the 82nd Plenary Meeting of the General Assembly, September 17, 1947; for text, see United Nations, *Official Records of the General Assembly, Second Session, Plenary Meetings* (hereafter cited as GA (II), *Plenary*), vol. I, pp. 19-27.

requiring accomplishment of all three conditions prior to agreement on any system for regulation or reduction of armaments or armed forces. The US position, as so understood, complicates any progress in discussion of conventional armaments because of deadlock on Article 43 forces question, peace treaties, and atomic energy.

We believe that Department should consider fact that agreements on Article 43 forces and peace treaty questions are not necessarily conditions precedent to any conceivable, practical plan for regulation and reduction of armaments and armed forces. We recommend that these two matters be separated from question of atomic energy control. As to latter question, we think treatment, in planning stage, should be regarded as parallel to question of regulation of conventional armaments, rather than as prior thereto. Such treatment would involve concurrent coordination of plans covering the two fields and would look forward to ultimate implementation of such plans through a general system of collective security.

We would continue to affirm established point of view nothing effective can be accomplished in way of actual disarmament until problem of control of atomic energy has been solved. Proposed treatment would, however, make it possible to move up conventional armaments and armed forces to parallel and coordinated position where concept of over-all system of collective security can be strongly advanced. During fourth GA, all USUN disarmament statements disavowed piecemeal approach and emphasized point that disarmament in atomic field and in conventional armaments and armed forces field were two aspects of single problem.

Policy determinations and instructions concerning foregoing will be needed by mission in immediate future to facilitate effective consultations with friendly delegations in advance of resumption of CCA meetings.

AUSTIN

10 Files : A/1253

The Secretary-General of the United Nations (Lie) to the Members of the United Nations

[New York,] 30 January 1950.

INTERNATIONAL CONTROL OF ATOMIC ENERGY

COMMUNICATION RECEIVED BY THE SECRETARY-GENERAL FROM THE REPRESENTATIVES OF CANADA, CHINA, FRANCE, THE UNITED KINGDOM AND THE UNITED STATES OF AMERICA DATED 27 JANUARY 1950

Note by the Secretary-General

The Secretary-General has the honour to communicate to the Members of the United Nations the attached communication from the

representatives of Canada, China, France, the United Kingdom and the United States of America dated 27 January 1950 together with the summary record of the fourteenth meeting of the Consultations of the six permanent members of the Atomic Energy Commission (A/Permanent Members/AEC/SR.14).¹

[Enclosure]

Communication From the Representatives of Canada, China, France, the United Kingdom, and the United States to the Secretary-General (Lie)

NEW YORK, 27 January 1950.

In its resolution of 4 November 1948, the General Assembly requested the six permanent members of the Atomic Energy Commission "to meet together and consult in order to determine if there exists a basis for agreement on the international control of atomic energy to ensure its use only for peaceful purposes and for the elimination from national armaments of atomic weapons."

On 23 November 1949, the General Assembly passed a resolution on the international control of atomic energy, in which the General Assembly expressed itself as follows:

"*Anxious* to free humanity from the dangers which will continue to exist as long as States retain under their individual control the development and operation of atomic energy facilities,

"*Convinced* that an international co-operative effort can avoid these dangers and can hasten the development of the peaceful uses of atomic energy for the benefit of all peoples,

"1. *Urges* all nations to join in such a co-operative development and use of atomic energy for peaceful ends;

"2. *Calls* upon Governments to do everything in their power to make possible, by the acceptance of effective international control, the effective prohibition and elimination of atomic weapons;

"3. *Requests* the permanent members of the United Nations Atomic Energy Commission to continue their consultations, to explore all possible avenues and examine all concrete suggestions with a view to determining whether they might lead to an agreement securing the basic objectives of the General Assembly in this question, and to keep the Atomic Energy Commission and the General Assembly informed of their progress;" . . .

In accordance with the above resolution, the six permanent members of the Atomic Energy Commission met on 20 December 1949 and again on 19 January 1950. At the beginning of the latter meeting, the representative of the Soviet Union objected to the presence of the

¹ Summary record not reproduced.

representative of China and submitted the following draft resolution for consideration:

"The Consultative Conference of the representatives of the six states—permanent members of the Atomic Energy Commission decides:

"To exclude from its membership the representative of the Kuomintang group."

The other representatives present decided that this proposal was out of order, for the reason that representation in these Consultations was consequential on membership in the Atomic Energy Commission, and the group engaged in the Consultations had not the competence to pass on the issue raised by the representative of the Soviet Union. In this situation the representative of the Soviet Union announced that he would not participate in the Consultations so long as the present Chinese representative attended these meetings. He said he would not recognize as legal any decisions adopted by the group. After making this statement he left the meeting.

The representatives of Canada, China, France, the United Kingdom and the United States are of the opinion that the members of the General Assembly will be anxiously concerned that these important and serious Consultations have been interrupted in consequence of the position taken by the representative of the Soviet Union.

The General Assembly resolutions cited above make it clear that the primary purpose of the Consultations among the six permanent members of the Atomic Energy Commission is to reconcile the divergent views of the Soviet Union on one side, and of the other five permanent members on the other. The representatives of these five permanent members are, therefore, of the opinion that so long as the Soviet Government refuses to participate in these Consultations, it is impossible for them to achieve the primary purpose of the mandate given by the General Assembly.

These five permanent members have undertaken to remain in close contact with one another and they will meet and consult with each other on such limited objectives as are possible of achievement under the circumstances.

The representative of France, as the next Chairman of the group, will determine in agreement with the Secretary-General the possibility of reconvening the Consultations of the six permanent members of the Atomic Energy Commission.

In accordance with the request of the General Assembly to keep the Atomic Energy Commission and the General Assembly informed of their progress, the representatives of these five permanent members request the Secretary-General to make known to the members of the

Atomic Energy Commission and of the General Assembly, the situation created by the refusal of the representative of the Soviet Union to participate in the Consultations. To this end they request that copies of this letter, together with the summary record of the 14th Meeting of the six permanent members of the Atomic Energy Commission, held on 19 January 1950, be transmitted to all States Members of the United Nations.

A. G. L. McNAUGHTON
Representative of Canada

T. F. TSIANG
Representative of China

J. CHAUVEL
Representative of France

ALEXANDER CADOGAN
*Representative of the United
Kingdom of Great Britain and
Northern Ireland*

JOHN C. ROSS
*Deputy Representative of the
United States of America in the
Security Council*

Department of State Disarmament Files ¹

*Memorandum of Conversation, by the Assistant Secretary of State for
United Nations Affairs (Hickerson)*

SECRET

[WASHINGTON,] February 6, 1950.

CONTROL OF ATOMIC ENERGY

[Participants:] British Embassy—Sir Derick Hoyer Millar ²
Mr. F. W. Marten ³
UNA—Mr. Hickerson
UNP—Mr. Popper ⁴
EUR—Mr. Raynor ⁵

Sir Derick said he had been instructed to ask whether there was any substance to reports appearing in the press with regard to a Soviet

¹ Lot 58D133, a consolidated lot file in the Department of State containing documentation on regulation of armaments and disarmament, 1942-1962.

² Minister, British Embassy.

³ First Secretary, British Embassy.

⁴ David H. Popper of the Office of United Nations Political and Security Affairs.

⁵ G. Hayden Raynor, Adviser for United Nations Affairs, Bureau of European Affairs.

feeler on the atomic energy problem or to press reports of a fresh approach on this subject by the United States.

Mr. Hickerson said that he knew of no feeler by the Russians; certainly Malik had not approached him. As regards a new approach by the United States, Mr. Hickerson cited the President's press conference statement of February 2⁶ and gave Sir Derick a copy of the statement made by the Secretary on January 18 on this subject [at that press conference the Secretary stated that we would continue to consider the problem "But I see no reason why we should change, and there is nothing in the works, as far as I know, which would lead us to change."].⁷ Sir Derick noted that the President's statement was even more categorical than that of the Secretary, and Mr. Hickerson explained that the Secretary had spoken with the thought in mind that the President would shortly make this statement.

Mr. Hickerson said that he was seeking to nail down even more explicitly the thought contained in the Secretary's statement. He felt that the control plan would apply to hydrogen bombs as well as to conventional atomic bombs since after all uranium was an essential component of the hydrogen bomb.

The discussion turned to Walter Lippman's⁸ article of this morning. Sir Derick agreed with Mr. Hickerson that the control plan had not become obsolete simply because the Soviets now had the bomb. A control plan, Mr. Hickerson felt, was as necessary as ever; we did not think that our plan was necessarily perfect and were willing to consider Soviet suggestions, but not to accept any which would make the plan ineffective. Sir Derick agreed that there was no possibility of progress if the Soviets would not accept an effective plan. He hoped we would keep the British informed if anything new developed.

JOHN D. HICKERSON

⁶ The following exchange occurred at the President's press conference of February 2:

"Q. Mr. President, Senator Vandenberg [Arthur H. Vandenberg of Michigan] yesterday said that he wished that you would follow up your directive on the superbomb with a formal notification to the United Nations, first that you have ordered work to proceed on it; second, that the United States stands ready to suspend the project at the moment Soviet Russia permits adequate international control.

"*The President*: I have no comment on Senator Vandenberg's statement, but for your information we have urged constantly that international control be accepted by all the nations of the world. Hardly a week goes by that that matter is not brought up, at my suggestion, in the United Nations." (*Public Papers of the Presidents of the United States: Harry S. Truman, 1950* (Washington: Government Printing Office, 1965), pp. 142-143)

For the President's statement on the hydrogen bomb, January 31, see footnote 1, p. 513.

⁷ Brackets appear in the source text.

⁸ Syndicated newspaper columnist.

611.61/2-1050

*Mrs. Franklin D. Roosevelt*¹ to the Secretary of State

NEW YORK, February 10, 1950.

DEAR MR. SECRETARY: I want to write you just a line to tell you that I was somewhat troubled by your speech the other day,² not as to what you said about Russia because of course, we all know that is true, but it seems to me at the present time it may be more advisable to say these things face to face but not to say them to the public through the press.

My belief is that some one should go as a special representative from the President and tell Mr. Stalin, face to face, what the situation is as regards the possibility of world destruction since no one can use the H Bomb without running that danger and then emphasize the need for working out some methods together to obviate this destruction. I can not see that any harm could be done if the person went with sufficient strength behind him. It seems to me that might give some real value to Senator McMahon's proposal³ which seems to me unlikely to have any good results unless there is something on a higher level behind it.

I realize that you know much more than I do but I also think we have an obligation to say what policies look like to us who are in the position of the worm looking up at the sky, concerned about the foot that may descend upon it and anxious to find some way of averting disaster.

Very cordially yours,

ELEANOR ROOSEVELT

¹Widow of Franklin D. Roosevelt, President of the United States, 1933-1945; U.S. representative to various organs of the United Nations, 1945-1950; member of the U.S. Delegation to the Fourth Session of the General Assembly, 1949.

²Reference is to extended extemporaneous remarks by Secretary Acheson at his press conference of February 8 regarding relations with the Soviet Union; for the text of the statement, see Department of State *Bulletin*, February 20, 1950, pp. 272-274.

³In a Senate speech of February 2, Brien McMahon of Connecticut, Chairman of the Joint Congressional Committee on Atomic Energy, suggested that the United States sponsor a \$50 billion, five-year "global Marshall Plan" in exchange for the acceptance by other nations of international control of atomic energy.

611.001/2-1150 : Telegram

*The Acting United States Representative at the United Nations
(Gross) to the Secretary of State*

SECRET

NEW YORK, February 11, 1950—6:23 p. m.

152. In connection with responses to Depcirtel February 3,¹ following impression of climate of opinion at UN Headquarters re H-bomb, and press conference statements by President February 9, and Secretary February 8,² may be of interest. Report represents initial reactions being expressed at Lake Success primarily by correspondents, NGO representatives, Secretariat officials and a few delegates rather than a systematic survey.

Opinions are sharply divided, both as to consequence of present atomic deadlock, and as to actual meaning of policy indicated in Secretary's remarks. Views appear to fall into four major groups:

(1) Small number of "continental realists" (largely European newspapermen and delegates) hailed American position and especially Secretary's statement as sign Department has at last awakened to real nature of Soviet policy.

(2) Majority however appear distressed by what they regard as US closing door on negotiations.

(3) Substantial number express lack of conviction that US has sufficiently re-examined possibility of achieving control agreement on basis of some form of inspection, and require more than simple repetition of American position on atomic energy to be convinced.

(4) Some, while agreeing with Secretary's analysis of Soviet behavior, express view statement tactically unwise in saddling US with onus of seeming to refuse to negotiate.

Following views representative of those in group one: Sunde (Norway)³ declared H-bomb decision essential. De la Tournelle (France) said "Secretary's statement excellent although might not be readily understood by those who have not had to deal with Russians". A French correspondent referred to Secretary's citing of Berlin, Greece, Turkey as showing understanding that only thing Stalin respects is military force, and that only negotiation possible would be on basis of "one more step and it means war".

Most Secretariat officials and NGO's expressing views, however, were in second group. Secretariat sources, possibly reflecting Lie's

¹ The circular telegram under reference, not printed, requested estimates of public reaction to President Truman's H-bomb production announcement (see footnote 1, p. 513) and associated discussion in the United States (711.5611/2-350).

² For text of Secretary Acheson's statement of February 8, see Department of State *Bulletin*, February 20, 1950, pp. 272-274. At his press conference of February 9, President Truman expressed concurrence with Acheson's remarks; for the record of the conference, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, pp. 149-153.

³ Ambassador Arne Sunde, Permanent Norwegian Representative at the United Nations.

views, inferred from Acheson statement that US had written off UN, would abandon negotiation and rely on military power. Lie, however, after encouragement from USUN, reacted February 10 with vigorous "fight-talk" to correspondents. Eichelberger ⁴ of AAUN said, "Secretary has closed door to negotiation and thrown the key away". Another view expressed was that history of past efforts to reach agreement as recited by Secretary was "dishonest", in that it gave one-sided picture and ignored cumulative and circular effect of our cold-war policy. Some correspondents held US political and moral position partly responsible for deterioration of relations with USSR, and among NGO's this feeling frequently heard. One NGO reported view of veteran audience here that over-all settlement with Russians necessary and that Secretary's statement demoralizing in that it held out no hope for future. Some NGO's expressed regret that Secretary had listed Point Four among weapons in cold war, fearing context would derogate from its universal character in UN. Many urged that US strengthen its position by dramatizing its support of UN, e.g., by having Secretary appear occasionally at SC.

Among those in group three was best-informed American correspondent on atomic energy control who believed new look at control and new effort to negotiate essential on grounds that present attitude clearly devoid of possibilities for progress toward control and created public impression of inflexibility. He proposed having UN call meeting of world scientists inquire whether technical developments have altered control problem at all. In any case felt some such action even if not productive of solution to control problem would help public understand reasons for our insistence on international ownership in a way which constant repetition of US position no longer could do. A Church Peace Union representative just back from south reports considerable worry over US failure to advance new proposals. United World Federalist representative said his group may join with other organizations to petition President to appoint citizens committee to explore possible terms of over-all settlement of arms race.

In fourth group following views representative: former Canadian broadcaster now with Secretariat, while believing US analysis correct, thought would be wiser to wait for Russians to slam door. National Peace Conference representative, while reluctantly accepting US analysis of problem of negotiations, felt Secretary's statement too cold, failed take account of US emotional need for some form of affirmative action. This group changed subject of February meeting from China to H-bomb because of deep concern.

Pouched Moscow, London, Paris.

Gross

⁴ Clark M. Eichelberger, National Director, American Association for the United Nations.

USUN Files ¹

*Memorandum by the Deputy United States Representative at the United Nations (Gross) to the Under Secretary of State (Webb)*²

[NEW YORK,] February 13, 1950.

Subject: Atomic Energy—Public Relations Aspects of International Control

On the morning of Friday, February 10, I had a long discussion with a group of newspaper editors in Chicago, and on the afternoon of the same day I addressed a luncheon meeting of the Chicago Council on Foreign Relations.³ The luncheon was attended by a large number of people of various interests from Michigan, Illinois, Indiana, Ohio and Wisconsin. They included journalists, representatives of non-governmental organizations, university professors, and business and civic leaders. One of the main topics which they desired to hear discussed as well as to discuss themselves was the question of international control of atomic energy.

I thought that it might be of interest to you to match the impressions I received from this area of the country against the reports which you are undoubtedly obtaining concerning reactions on the same subject from other areas. There appeared to be two major lines of interest and concern.

First, a surprisingly large number of individuals of various backgrounds and lines of occupation inquired whether it was the Administration's policy to discourage, rather than encourage, public discussion of the problems which have aroused such public interest since the President's announcement concerning the hydrogen bomb. The impression appears to have become widespread that (whether for reasons of military security or other reasons) the Administration is anxious to avoid a full public debate on the implications of the problem. It appears to me that some definite indication might well be made by the Administration—or carefully selected spokesman for it—to the effect that we encourage public debate on this momentous issue. This might, for example, be done by some such device as a radio program of the scope and reach of "America's Town Meeting of the Air".

The second major question which I repeatedly encountered on the subject of international control of atomic energy was one which I think will require careful explanation. This question was (broadly stated) Why need we insist upon international ownership and management of "dangerous materials and facilities", if it were shown possible to

¹ Files of the United States Mission at the United Nations.

² Transmitted to Webb through Hickerson and Arneson.

³ For the text of the address, see Department of State *Bulletin*, March 6, 1950, pp. 372-377.

obtain agreement upon an "effective" inspection system under an international authority? In other words, the question frequently asked of me (and particularly by newspaper men in the area) was whether we were wise in insisting upon international ownership and management.

The explanation which I take it has been the standard exposition on this subject is that an inspection system in itself will not serve the purpose inasmuch as inspection (even assuming it were of an effective variety) would do no more than disclose the existence of stockpiles of atomic fuel or of facilities for converting it. Inasmuch as it is relatively simple to "package" atomic fuel in the form of a weapon, it would do little good by way of assuring a peaceful state to know that atomic fuel exists in established quantities without at the same time having assurance that the atomic fuel will not be secretly converted into a weapon for destructive uses.

Specifically, in terms of the question which I was repeatedly asked, our problem appears to be to give a clear public demonstration of the fact that an inspection system, in itself, no matter how "effective", cannot be sufficient to assure our national security. The confusion which appears to me to be most prevalent, and therefore most in need of clarification, is based upon an assumption that it would be of some advantage to us—as compared to the present situation of ignorance—to have some information concerning the stockpiling by the Soviet Union of dangerous materials and facilities.

In my own judgment, this point has been frequently and adequately discussed. However, it seems certain that the explanations have not received widespread public understanding and, if they ever were understood by a large number of people, these same people have long since forgotten the explanations. The questions concerning this aspect of the problem are closely related to the general desirability and necessity for a public discussion of the sort referred to in the first paragraph above.

611.61/2-1050

The Secretary of State to Mrs. Franklin D. Roosevelt

CONFIDENTIAL

WASHINGTON, February 23, 1950.

DEAR MRS. ROOSEVELT: Thank you for your letter of February 10 which deals with a problem to which I and my associates in the Department are giving the most intense and earnest consideration. We are acutely aware of the widespread apprehension created by the uncontrolled development of increasingly powerful atomic weapons and of the need for exploring whatever means offer the slightest prospect of reaching international agreement for effective control of these weapons. The despatch of a special representative of the President

to Moscow is one of the courses of action which we have constantly been examining; I hope I can make clear to you why I have not felt that I could conscientiously recommend it to the President at this time.

Should a representative of the President undertake discussions with Soviet Government officials on the subject of atomic energy without reasonable assurance that the conversations could lead to an improvement in the present situation, and there has been no indication that such conditions now exist, the probability is that he could return from Moscow with no more than the meager report that the Soviet Government had listened politely and promised to consider his views. The effect of such an outcome of the discussions on the morale of the peoples of the world can easily be imagined. Of even graver import is the fact that such disillusionment would strengthen the hands of those who see in a resort to arms the only solution of the dilemma which confronts us.

We must also bear in mind the legitimate interest of other countries in the whole question of assuring world peace. Bilateral conversations between the United States and Soviet Governments on multilateral issues could be expected to give rise to speculation and rumors leading to suspicion and mistrust and the possible disruption of the harmony and cooperation already attained through the peaceful means of the Rio Treaty, Atlantic Pact, Economic Recovery Program, and similar undertakings.

Perhaps even more important is the relationship of the United Nations to this problem of controls. I am sure you will agree that no action should be undertaken by the Government, the effect of which would be to depreciate the authority and standing of that organization.

The permanent members of the United Nations Atomic Energy Commission were requested by the General Assembly resolution to "continue their consultations, to explore all possible avenues and examine all concrete suggestions with a view to determining whether they might lead to an agreement securing the basic objectives of the General Assembly in this question, and to keep the Atomic Energy Commission and the General Assembly informed of their progress". Our representatives have more than once expressed the readiness of the United States Government to examine sincerely and earnestly any new proposals which may be put forward in amendment of the plan of control of atomic energy, approved by an overwhelming majority of the General Assembly, in order to reach an effective agreement to control atomic energy and to eliminate atomic weapons.

I find it difficult to believe that the Soviet Government is not aware of the potential danger of uncontrolled development of atomic energy. Certainly every effort has been made by the President and spokesmen for the Government to emphasize the seriousness of the problem and

the desire of the American people and their Government to attain a solution. Notwithstanding, the Soviet representative interrupted and walked out of the important consultations of the permanent members of the Atomic Energy Commission for wholly irrelevant purposes connected with the Chinese representation on the Commission. These consultations are therefore temporarily at a standstill but we hope they will be renewed.

This Government will continue to stand ready to give full and sincere consideration to any proposal which will lead toward effective agreement to control atomic energy, and will welcome any indication that the Soviet Government is prepared to cooperate in such an endeavor through the established mechanism of the United Nations. We are convinced that agreement on this great issue is both vitally necessary and technically feasible and are prepared to negotiate sincerely and earnestly tomorrow or any day thereafter. We can succeed only if the Soviet Union is willing to do the same. I think this is the central issue. The Soviet Union has had and still has many avenues before it for a demonstration of its willingness to work with us toward a real, effective solution. There has unfortunately been no indication that such a willingness exists. Without any evidence of that nature I am forced to the conclusion that a special mission to Moscow would be fruitless and indeed harmful. The dangers of such an approach, as I have outlined them, seem to me to outweigh other considerations. This does not mean that a direct approach may not be advisable at a later date, but I believe we must stand firm on our present position for the time being.

I have discussed this matter with you at some length in confidence because I think it is important for you to know what we are thinking. I want you to feel free to write me further at any time on this or related issues on which you share our common concern.

With warm regards.

Sincerely yours,

DEAN ACHESON

700.5611/3-650

Memorandum of Conversation, by the Deputy United States Representative at the United Nations (Gross) to the Secretary of State

TOP SECRET

[WASHINGTON,] March 6, 1950.

Subject: Views of Chauvel on Atomic Energy Control

On Saturday, March 4, Ambassador Chauvel on his initiative, brought up this subject for the second time in two days. He said he had heard I was going to Washington on Monday¹ and wanted to give

¹ March 6.

me certain views before I left. He said he was "speaking personally", adding that on his recent trip to Paris he had discussed this matter with Parodi² and the Foreign Minister.³

Chauvel did not consider the present situation "satisfactory" from the point of view of the western powers. He was not sure they had a thorough understanding of each other's position.

Chauvel said French public opinion had not formerly been much disturbed by the atom bomb question. However, the hydrogen bomb announcement and, in particular, Einstein's recent statement,⁴ had created great nervousness in France. The effect had been intensified by Churchill's statements prior to the British election.⁵

Chauvel felt that it was now necessary to consider most carefully the "political aspect of the problem", without at the same time losing sight of the scientific realities. He remarked that the French, as well as the British and Canadians, had "followed the American lead", and that this had been, and remained, necessary because only the Americans had all the information required for decisions. I asked him to illustrate what he meant. Chauvel replied that, for example, he did not really know what was involved in the application of the "stages principle". Chauvel said that he had learned, in what he described as "side conversations" with Hickerson and Osborn, that under the UN Plan "stages of disclosure would take about two years". This had not come up in meetings of the Sponsoring Powers.

Chauvel said he wished me to understand he was not being at all critical, because he realized the requirement of secrecy, but this created certain problems which were now taking on great importance. The French would, of course, continue to follow the lead of the US. But they would wish to know the "political analysis" from which we were proceeding.

For this purpose, it seemed to Chauvel desirable that we speak with him, the British and the Canadians, as soon and as frankly as possible. Chauvel would hold any such talks in the strictest confidence, reporting only by personal letters to Parodi and Schuman. Chauvel added, almost as an after-thought, "and of course Bidault⁶ would be kept informed".

² Alexandre Parodi, Secretary-General of the French Ministry for Foreign Affairs.

³ Dr. Robert Schuman.

⁴ Speaking at a television forum on February 11, Dr. Albert Einstein, discoverer and exponent of the theory of relativity and pioneer nuclear physicist, stated that should man succeed in making the hydrogen bomb, radioactive poisoning of the atmosphere would become a possibility. See also Dr. Albert Einstein, "Arms Can Bring No Security," *Bulletin of the Atomic Scientists*, March 1950, p. 71.

⁵ Reference is to the British Parliamentary elections held on February 13, 1950, in which the Conservative Party led by former Prime Minister Winston S. Churchill sharply reduced the Labour Party majority.

⁶ Georges Bidault, Premier of France.

I said I wished to be quite sure I understood what he meant by "political analysis". He replied that he had in mind our discussing with him as frankly as possible our present thinking on such questions as the following: Were we convinced that no basis existed for opening up discussions with the Soviet Union and that no substantial modifications could be considered in the majority plan? What importance did we attach to the present public agitation? What did we consider the essential principles to which any effective plan must conform? Did we have any views as to procedures and next steps?

Chauvel thought it would be very valuable for the Sponsoring Powers (other than Soviet Union) to meet as soon as convenient to discuss these matters. He said he feared that there was not at the present moment "a sufficiently profound understanding" on the part of himself (he started to say "my government") as to the indispensable conditions of a control plan. He referred again to his lack of understanding concerning the working of the stages formula.

Chauvel concluded by saying he did not see much value in the suggestion of Senator McMahon that the Council of the Atlantic Pact discuss atomic energy controls at a meeting this spring.⁷ However, if there were to be a meeting of the Council anyway, it would be convenient for the Foreign Ministers of US, UK, France and Canada to talk over the problem.

In this connection, Chauvel again mentioned Churchill's suggestion for Three Power talks. Chauvel referred to the position Bidault took at the time of the Potsdam Conference,⁸ saying that Bidault would be consistent and object to discussions with the Soviet in which France did not participate. In any event, Chauvel hoped it would be possible for him to learn more concerning our thinking very soon, either in New York or in Washington. He was anxious to see me again when I returned from Washington.

I said I was certain a great deal of thought was being given to the whole problem in Washington. I said I was equally sure the Department would be completely frank in clarifying its views concerning any questions the French Government might wish to raise on this matter.

⁷ In a Senate speech of March 1, Senator McMahon suggested a conference of Atlantic Pact nations to draft a new Western position on control of atomic energy. The new proposals would be presented to a special session of the United Nations General Assembly in Moscow.

⁸ Bidault was French Foreign Minister at the time of the Potsdam Conference (July 1945), in which France was not invited to participate. For documentation on the conference, including information on the French position with respect to it, see *Foreign Relations, The Conference of Berlin (The Potsdam Conference)*, 1945, two volumes (Washington: Government Printing Office, 1960).

330.12/1-2550 : Telegram

*The Secretary of State to the United States Mission at the
United Nations*

CONFIDENTIAL PRIORITY WASHINGTON, March 23, 1950—1 p. m.

123. Reurtel 74, Jan 25 on conventional armaments. Your discussion on Item 3 of CCA Plan of Work shld be conducted on basis principles outlined in approved US position paper contained in RAC D-18/2e,¹ which substitutes earlier statement submitted by Dep US Rep on CCA in Sept 1947. Additional study required of paper such as RAC D-18/7² which wld elaborate principles contained in RAC D-18/2e about which you will be kept advised.

Since resumption of CCA will mean another Sov walkout it is suggested there be close coordination with friendly Dels represented on CCA. You already have instrs Chi representation question. In connection consultations with friendly Dels fol are among reasons why resumption CCA's activities desirable despite Sov absence:

1. Under normal conditions CCA shld already have met and resumption discussions wld simply be taking normal step. CCA's planning activities support business as usual theme.

2. Since CCA functions are planning in nature, ground covered in absence Sov cld be reviewed upon their return. This fact shld be made clear both to friendly Dels and in CCA itself. Temporary absence Sov wld launch Item 3 discussions without anticipated Sov obstructionism and so set stage to deal with what is likely to be Sov position, viz., that it is illogical consider Item 3 before considering Item 4 and that such consideration is device for delaying genuine disarmament including atomic weapons as well as conventional armaments. Nature of CCA's activities in absence of Sov participation shld be made clear with friendly Dels as well as in CCA to avoid impression that something is being put over on Sov and to dispel reluctance which might develop in various quarters to any discussion of problem of regulation and reduction conventional armaments and armed forces solution of which will ultimately require Sov participation.

3. Consideration of Item 3 at this time wld re-emphasize importance and necessity of effective system of safeguard in plans for regulation and reduction conventional armaments and armed forces.

Resumption of discussions by taking up Item 3 wld also help in setting up liaison with new members of CCA and in coordinating thinking and energies of friendly Dels.

Your recommendation re modification US position of necessity for atomic energy control, Art 43 forces, and peace treaties with Germany and Japan as conditions precedent to regulation of conventional armaments under review.

ACHESON

¹ Regarding this document, see footnote 2, p. 44.

² Not printed.

700.5611/4-350

*Memorandum of Conversation, by Mr. Philip C. Jessup, Ambassador
at Large*

TOP SECRET

[WASHINGTON,] April 3, 1950.

Subject: Negotiations with the U.S.S.R.

Participants: Foreign Minister Lester B. Pearson (Canada)
Ambassador Hume Wrong (Canada)¹
Mr. R. G. Riddell (Canada)²
Mr. Dean Rusk
Mr. Ernest Gross
Mr. Philip C. Jessup

One of the subjects which Mr. Pearson had put on the agenda for our informal discussions in New York Saturday and Sunday³ was "The Cold War." The first aspect of the subject which he raised was the general problem of negotiations with them and the means by which this could be accomplished if it were desirable. The general Canadian attitude seemed to be that it would be desirable to keep on talking even though there were no great expectation of concrete results in the form of agreements. We pointed out that we had plenty of contacts and that again this was a case in which it was the Russians who did not take advantage of the opportunities to talk, e.g., in all of the organs of the UN. While admitting this, Pearson seemed to feel that from a public relations point of view we should frequently propose or initiate conversations and let the Russians have the onus of turning them down.

In this same context, we passed on to the question of the consideration of atomic energy and disarmament. Pearson felt it would be very desirable to resume talks on atomic energy. He said there had never really been an exploration of the points which Vishinsky raised last fall.⁴ He was not sanguine that the Russians had anything in mind, but he seemed to be reflecting Canadian Parliamentary and popular opinion in suggesting the desirability that we should not only take a fresh look at our own proposals, particularly in terms of the question of "ownership," but that we should also find ways to continue talks with the Russians on it. We discussed the possibility of getting over the procedural deadlock by having talks among Five Powers without

¹ Canadian Ambassador in the United States.

² Permanent Canadian Representative at the United Nations.

³ April 1 and 2.

⁴ In a discussion with Secretary Acheson and others in London on May 16, Pearson reiterated his concern regarding points raised by the Soviet Union at the 1949 General Assembly; for memorandum of conversation by Acheson, May 16, see p. 559.

Chinese participation. Mr. Gross expressed the opinion that the Russians would be unwilling to talk without a representative of China. Mr. Rusk suggested that, instead of starting from the idea of Six Powers and then eliminating one, we might go back to the Truman-Attlee-King base⁵ and extend Three Power talks by inviting the French and the Russians to join us. Pearson seemed to think this might be useful. It seemed to be a general view that a beginning might be made through informal talks perhaps at a dinner, but it was my impression that the Canadians would like to resume more formal conversations with the Russians, again largely from the point of view of public relations. Pearson spoke of the question of the advantages of a general prohibition on the use of atomic bombs as against the importance of the bomb as a deterrent. He felt that with the development of Russian atomic power we should have a new look at this proposition. He said that their people in re-evaluating the evidence wondered whether it was true the Russians really had the atomic bomb. Mr. Rusk pointed out that it would be quite inadvisable to proceed on the assumption that they did not.

PHILIP C. JESSUP

⁵ On November 15, 1945, President Truman, British Prime Minister Clement Attlee, and Canadian Prime Minister W. L. Mackenzie King signed in Washington an Agreed Declaration proposing the establishment of a United Nations Atomic Energy Commission; for text, see Department of State Treaties and Other International Acts Series (TIAS) No. 1504; or 60 Stat. (pt. 2) 1479. For documentation on the November tripartite meeting and other aspects of United States policy respecting atomic energy, see *Foreign Relations*, 1945, vol. 1, pp. 1-98.

IO Files: US/S/C.3/33

Memorandum of Conversation, by the Deputy United States Representative on the Commission for Conventional Armaments (Nash)

CONFIDENTIAL

[NEW YORK,] April 6, 1950.¹

Subject: Commission for Conventional Armaments

Participants: Sir Terence Shone,² Mr. Dennis Laskey, Mr. David Cole, United Kingdom Delegation
Mr. Harry M. Shooshan, Jr., UNP
Mr. Frank Nash, Mr. Charles Russell, USUN

A meeting was held at the United Kingdom Delegation this morning to discuss the substance of a cable received from the U.K. Foreign Office concerning the desirability of an early resumption of discussions in C.C.A. (See US/S/C.3/32.³) In effect, the Foreign Office took the

¹ This memorandum, prepared on April 6, was circulated as US/S/C.3/33 on April 7.

² Deputy to the Permanent British Representative at the United Nations.

³ Reference is to a memorandum by Russell of his conversation with Cole on April 4, not printed (IO Files).

position that it was inadvisable at this time to press ahead with the consideration of any major political issues without the participation of the Soviet, assimilating the situation in C.C.A. to that existing in the Atomic Energy Commission.

Mr. Nash commented on this position by pointing out the following: (1) In its resolution of December 5, 1949, the Fourth General Assembly called upon the C.C.A. to proceed with the consideration of its Plan of Work in order to achieve such progress "as might be possible"; (2) On January 17, 1950, *after the Soviet walk-out*, the Security Council transmitted the G.A. resolution to C.C.A., presumably in the expectation that the C.C.A. would proceed with appropriate action in response to it and would take such action despite anticipated Soviet non-participation; (3) In view of the foregoing, it was the opinion of the U.S. Delegation that discussions in C.C.A. should already have been reopened some time ago, and should not be delayed any longer in order to maintain the policy of "business as usual"; (4) The situation in C.C.A. was quite different from that in A.E.C. in that an actual plan had been developed in the latter field to which the U.S.S.R. was strongly opposed whereas no such plan had yet been evolved in C.C.A.; (5) The discussion in C.C.A. of the "adequate safeguards" problem covered by Item III of the Commission's Plan of Work would involve only a "study" or "planning" exercise in which the Soviet representatives have expressed their lack of interest, professing to be interested only in getting ahead with the consideration of actual plans of disarmament (Item IV of the Plan of Work). Consideration of this item, therefore, in a wholly planning stage would hardly be regarded as any inflammatory action, and might actually go forward more smoothly than would be the case were the Soviet to be present.

Mr. Laskey responded by agreeing that it would certainly be necessary for the C.C.A. to meet before the next G.A. but he would have hoped that such a meeting might be held off until sometime later—as in June—on the possibility that the question of Chinese representation might be resolved in the meantime. He said he thought it doubtful that the principle of "business as usual" had proper application in a field like C.C.A., differentiating it from the economic and social fields where there has never been any large measure of Soviet participation.

After general discussion of the work of C.C.A., both Laskey and Cole conceded that the instructions received from their Foreign Office last August, authorizing them to proceed with the consideration of Item III of the C.C.A. Plan of Work, had not been altered except with respect to the bearing of the question of Chinese representation.

Sir Terence Shone commented on the possibility that the subjects of both atomic energy and regulation and reduction of armaments might come up for discussion in the impending meeting of the three Foreign

Ministers,⁴ and suggested that it might be desirable to abide this event before resuming discussions in C.C.A.

Mr. Cole advanced the suggestion that possibly it would be in order to have a meeting of C.C.A. at which the Commission (presumably after a Soviet walk-out) would take official note of the Security Council's transmittal of the G.A. resolution of December 5, 1949, and could then refer the matter for further consideration to the Working Committee of C.C.A.

Mr. Nash observed that in the opinion of the U.S. Delegation, it would be unwise to have a meeting of C.C.A. merely to note the transmittal of the G.A. resolution without any intention of proceeding with orderly consideration of the Commission's substantive business. He added, however, that it would require a certain amount of time for the members of the Commission to review the positions advanced in the Fall of 1947 on Item III of the Plan of Work by those who were on the Commission at that time, and to consult with their respective Foreign Offices on such current views as they might have. During this necessary interval the meeting of the Foreign Ministers would take place and the C.C.A. could have the benefit of such developments as might be forthcoming therefrom. He stated that in his view the referral of the matter to the C.C.A. Working Committee would constitute a recognition by C.C.A. that there was some useful work to be done despite the absence of the Soviet. This view was allowed to stand by the U.K. representatives although the cable from their Foreign Office had stated that if, upon an initial meeting of the C.C.A., the Soviet withdrew, there would appear to be no alternative but the temporary suspension of further activities.

In conclusion, it was agreed that steps should be taken by Mr. Nash to consult with the Delegations of France, Norway, Cuba, and Ecuador to obtain their views on the desirability of arranging for a meeting of C.C.A. before the end of April, looking toward April 18th as a suitable tentative date.

⁴For documentation on the meetings between Secretary Acheson, British Foreign Secretary Ernest Bevin, and French Foreign Minister Robert Schuman in London, May 11-13, see vol. III, pp. 828 ff.

600.001/4-1250

The Secretary of State to the Chairman of the Senate Foreign Relations Committee (Connally)

WASHINGTON, April 12, 1950.

MY DEAR SENATOR CONNALLY: I refer to the Department's letter of March 8, 1950 which acknowledged receipt of your letter of the same date transmitting for the Department's comment a copy of

Senate Resolution 236 requesting "the United Nations to call an international conference with a view to achieving world disarmament".¹

The Department fully understands and is in complete sympathy with the objective of the resolution, namely, achieving world disarmament. However, it cannot agree with the timeliness of the method advocated for achieving the objective.

By subscribing to the Charter of the United Nations, particularly Articles 11, 26 and 47, the United States committed itself to work for and to achieve the universal regulation and reduction of armaments and it presumed that all the other signatory nations undertook the same solemn obligation. Conscientious efforts have been made in the United Nations since its establishment to fulfill these requirements of the Charter by action in the General Assembly, in the Security Council, in the United Nations Atomic Energy Commission (created for the formulation of specific proposals for the international control of atomic weapons and other major weapons adaptable to mass destruction), and in the United Nations Commission for Conventional Armaments (the field of competence of which is the formulation of proposals for the regulation and reduction of all other weapons).

As you know the United Nations Atomic Energy Commission was set up by the General Assembly Resolution of January 24, 1946. It has developed a detailed plan for the international control of atomic energy and the prohibition of atomic weapons based on United States proposals submitted by Mr. Baruch to the Commission on June 14, 1946 and now endorsed by the overwhelming majority of the Member nations in the United Nations. The Commission for Conventional Armaments established by the Security Council Resolution of February 13, 1947 has directed itself to the careful preparation of proposals for the regulation and reduction of conventional armaments and armed forces. In effect, therefore, it can be said that a disarmament conference has been going on since 1946 within the United Nations with the full support and active leadership of the United States.

¹ S. Res. 236, introduced by Senator Millard E. Tydings of Maryland on March 6 and referred to the Foreign Relations Committee, read as follows:

"Resolved, That the United Nations is hereby requested to invite the representatives of the governments of all nations to enter into an understanding and agreement to achieve world disarmament on land, on sea, and in the air, including bacteriological warfare, poison-gas warfare, and so forth, by January 1, 1954, except only for such actual occupying forces, with appropriate weapons, and for such agreed period of time, as will be necessary to police the defeated and occupied nations as a result of the recent war, and except only for such armed forces and for such weapons as are to be placed exclusively under the jurisdiction of the Security Council of the United Nations Organization, and except only for such limited forces and limited small arms as are needed to keep law and order within each country, and directly prohibiting the manufacture, storage, and possession of all other weapons, ammunition, and munitions of war, and providing further for the international inspection force authorized and instructed to see that the terms of such world disarmament are rigidly adhered to and carried out, and thereafter maintained by all the countries of the earth."

Realizing its responsibilities and desirous of seeing the objectives stated in the United Nations Charter fulfilled, this Government has guided itself along two lines. First, it has taken the position that the planning activities for the international control of atomic energy and the regulation and reduction of conventional armaments and armed forces should go forward for implementation when conditions permit. Second, it has been working for measures to build up the political, economic and military strength of the non-communist nations in order to convince the Soviet Union that its best interests will be served by unqualified cooperation with other United Nations Member nations and so make agreements meaningful.

Counter to this Government's position the United Nations records reveal that in every instance of any importance, in every forum since the establishment of the two Commissions the Soviet Union has opposed and has voted against the majority's proposals relating to the possible international control of atomic energy and the regulation and reduction of armaments and armed forces. The inescapable conclusion is that all efforts for the foreseeable future, whether within the United Nations or outside of it, toward achieving disarmament will be thwarted by the Soviet Union which by its objectives, policies, and methods is making ever clearer it does not want universal disarmament with the necessary concomitants of effective safeguards and controls to protect complying states against violations and invasions [*evasions*]. In the existing situation to ignore this fact would be to ignore the obvious responsibility of the Soviet Union for the lack of progress toward disarmament and would be to create a false illusion that some new method of approaching the Soviet Union would cause the reality of Soviet obstructionism to disappear. Accordingly, the Department strongly believes that the calling of an international conference by the United Nations for the purpose of attempting to reach an understanding and agreement for disarmament would suffer the same fate as the patient labors already expended in the United Nations. In fact, the calling of an international conference might have quite the opposite effect from that so earnestly desired by the resolution since it might well result in wiping out such progress as has been made in the fields of the control of atomic energy and the regulation and reduction of conventional armaments.

The United States has taken the position in both areas of negotiation that the security of this nation and of all peaceful and freedom-loving peoples requires the establishment of effective safeguards and controls which would protect complying states against violations and invasions. The Soviet Union by its actions has rejected this concept. Instead it has presented superficially attractive proposals for the prohibition and destruction of atomic weapons and the reduction of con-

ventional armaments, the implementation of which would certainly disarm the United States and the other free peoples of the world but would provide no guarantee of compliance by the Soviet Union or its satellites. As things now stand in the negotiations which have thus far transpired in the United Nations the refusal of the Soviet Union to agree to necessary controls and safeguards is manifestly clear. Accordingly, the Soviet Union probably would welcome the calling of an international conference which would provide it with a new opportunity to present glittering proposals, and all of the propaganda that would go with them, while the peace-loving nations at such a conference would have the relatively colorless but essential task of reasserting the necessity of safeguards and controls as the basic element of any agreement for universal disarmament.

In view of these facts it would not seem desirable to call a conference such as is contemplated in Senate Resolution 236.² However, the Department is not unaware that, given a sufficient change in the international situation, which unfortunately does not appear near at hand, the calling of such a conference might possibly be desirable, and accordingly the Senate Committee on Foreign Relations should be assured that the suggestion contained in the resolution will be borne in mind.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

For the Secretary of State:

JACK K. McFALL
Assistant Secretary

² The Foreign Relations Committee neither held hearings on the measure nor reported it to the Senate.

PM Files ¹

The Secretary of State to the Acting Chairman of the United States Atomic Energy Commission (Pike)

CONFIDENTIAL

WASHINGTON, April 20, 1950.

DEAR MR. PIKE: As you are aware, it is United States policy to seek the establishment of effective international control of atomic energy by supporting the United Nations plan as set forth in the attached document.²

¹ Files retained by the Bureau of Politico-Military Affairs, Department of State.

² Department of State Publication 3646, "International Control of Atomic Energy and the Prohibition of Atomic Weapons: Recommendations of the United Nations Atomic Energy Commission," released October 1949.

It would be most useful to the Department of State to obtain from the Atomic Energy Commission a current evaluation, without regard to political issues, of this plan to determine whether any technological changes have occurred or are likely to occur in the United States or abroad which would change the technical assumptions which underlie this plan or which would invalidate it or necessitate changes in its control features.

Since there is some urgency in this matter, I should appreciate receiving the results of this evaluation as soon as possible.

Sincerely yours,

DEAN ACHESON

IO Files : US/S/C.3/37

*Memorandum of Conversation, by Mr. Charles H. Russell, Adviser,
United States Mission at the United Nations*

CONFIDENTIAL

[NEW YORK,] April 25, 1950.

Subject: Conventional Armaments

Participants: Mr. David Cole, United Kingdom Delegation
Mr. Harry M. Shooshan, Jr., UNP
Mr. Charles H. Russell, United States Mission

1. Cole said at lunch today that he thought that the reluctance of the Foreign Office to renewed activity in the Commission for Conventional Armaments, and the Working Committee, was due more to devoting time to what he called a "futile effort" than to the absence of the Soviet Union over the question of Chinese representation. The Foreign Office had expressed and recently amplified views which were opposed to the resumption of the work of the Commission in the absence of the Soviet Delegation; he thought they were also reluctant to ask the British Chiefs of Staff to pass on questions in the field of disarmament when their minds were occupied with more pressing problems of an opposite nature.

2. Cole said that speaking for himself only, he could see that there were arguments for the Working Committee proceeding to the formulation of the general principles of a plan of safeguards (and he admitted that this might even be desirable from a U.N. point of view) provided that every effort was made to avoid bringing matters to a vote before the Soviets returned. There was discussion of the point which would be reached before any question of voting would arise. He intimated that his delegation had recommended that the Working Committee proceed with its program avoiding if possible bringing matters to a vote in the absence of the Soviet Delegation.

3. Cole said that obviously the U.K. Delegation could not oppose anything being done in the Working Committee when other delega-

tions wanted to proceed. I had previously told him what we knew of the views of the French, Norwegian and Egyptian Delegations. Cole said that in so far as he knew only Mr. Menon (Indian Delegation)¹ had expressed doubts.

4. In regard to preparation for the meeting of the Commission on April 27, Cole suggested

(a) that Noyes and Laskey compare notes on the Chinese representation question, and

(b) that it would be preferable to have the resolutions of the Security Council of January 17, 1950 and of the General Assembly of December 5, 1949 referred to the working Committee by action of the chairman rather than through voting on a draft resolution.

5. Cole said that it was possible that the U.K. Delegation might hear further from the Foreign Office before April 27² and that, in that event, he would let us know. He saw no reason otherwise for a meeting between representatives of the U.K. and U.S. Delegations tomorrow. We said that Mr. Nash would be here tomorrow and that we were at their disposal.

¹ M. Gopala Menon, Alternate Indian Representative to the Commission for Conventional Armaments.

² The Commission for Conventional Armaments held its 20th Meeting on April 27, 1950, its first since August 1, 1949. His proposal for the expulsion of the Representative of the Republic of China having been rejected, Soviet Representative Yakov A. Malik withdrew from the meeting. He indicated that the Soviet Union would not regard as valid decisions taken in its absence.

At the same meeting, the Commission approved the proposal submitted by Frank C. Nash, the United States Representative, transmitting General Assembly Resolution 300(IV) (see *Foreign Relations*, 1949, vol. 1, p. 242) to the CCA Working Committee with instructions that that body resume work on item 3 of the Commission's plan of work (safeguards). (IO Files: S/C.3/SR.20)

USUN Files

*Testimony by the Assistant Secretary of State for United Nations Affairs (Hickerson) Before the Joint Congressional Committee on Atomic Energy, Washington, April 26, 1950, 2:45 p. m.*¹

SECRET

In testifying before this Committee, I should like first of all to tell you that I am not a scientist nor an engineer. I rely upon my advisers in the Department, the Atomic Energy Commission, and in individual scientists for the best available technical opinion and advice in the field of international control of atomic energy. Through an inter-departmental committee on which the Departments of State and De-

¹ This text was forwarded by Hickerson on May 10 to Deputy Representative John C. Ross at the United States Mission with instructions to transmit copies to the British and French delegations (USUN Files).

fense, and the Atomic Energy Commission, are represented, the concerted views of the three executive agencies most directly concerned are obtained on international control policy.

Since August 9, 1949, I have represented the United States in the consultations of the six permanent members of the United Nations Atomic Energy Commission. These were called for in the General Assembly resolution passed in Paris in 1948 in order to determine whether a basis for agreement on the international control of atomic energy could be found. As a member of the United States Delegation to the Fourth General Assembly of the United Nations last fall, I represented the United States in the General Assembly consideration and debate on atomic energy and on conventional armaments.

When I took this assignment, I needed an answer from the technical people as to whether it is or is not possible technically to control atomic energy to ensure that it is used only for peaceful purposes, so that the prohibition of all types of atomic weapons could be made really effective. Their answer was "yes".

This question has been repeatedly answered in the affirmative. It was first answered by the Board of Consultants appointed to the Department of State in early 1946, when that Board, known as the Acheson-Lilienthal Board, first reported that control of atomic energy was feasible and indicated the lines along which such control could be achieved.

It was answered again by the Scientific and Technical Committee of the United Nations Atomic Energy Commission when that committee reported unanimously in September 1946 that "we do not find any basis in the available scientific facts for supposing that effective control is not technologically feasible."²

Many times since, we have had this question looked into not only by the AEC, but by scientific and technical consultants as well, and the answer has always been the same.

The recent announcement regarding the hydrogen bomb, of course, immediately raised the question of whether the U.N. plan of control would be fully adequate to cover the hydrogen bomb. The answer has been that it would.

While we are in constant touch with the AEC and the Department of Defense on this subject, we thought that it would be useful to get from the AEC a comprehensive current evaluation as to whether any other technical developments have occurred, or are likely to occur, in the United States or abroad which would require a change or a

² For the text of the report adopted by the Scientific and Technical Committee on September 26, 1946, see United Nations, *Official Records of the Atomic Energy Commission, First Year, Special Supplement, Report to the Security Council (1946)* (hereafter cited as AEC, 1st yr., *Special Suppl.*), Part IV.

modification in the United Nations plan. Present indications are that no important modification in the plan is called for.

I believe we can be assured that from the technical point of view, atomic energy can be controlled and atomic weapons of all types can be effectively prohibited. We can also be assured that the only plan that human ingenuity has been able to develop so far to do this is the plan developed in the United Nations Atomic Energy Commission and approved by an overwhelming vote of the General Assembly of the United Nations in 1948 and again in 1949. In the last General Assembly, only the Soviet bloc, now five states, voted against it.

The fundamental question is not feasibility of control, it is rather the question of the refusal of the Soviet Government to agree to the only effective control system so far devised. Realization of this fact is, in my view, essential to any sound evaluation of the situation which confronts us. If we are to get agreement on effective control and effective prohibition, we must have a willingness and a desire on the part of all concerned to reach such an agreement. If the Soviet Union has ever had in mind a willingness to negotiate such a system, it has successfully concealed it from us. This is not a conclusion that we have arrived at easily or without reluctance. It is a conclusion that is forced upon us as the only explanation for the Soviet behavior in over four years of debate and discussion of the problem of international control.

Now I am not saying that the Soviet Union does not want agreement. They do want agreement, but on their own terms. These are that nations agree to a convention providing for the prohibition and the destruction of atomic weapons without any system of safeguards that could give any promise at all that nations would abide by this agreement. The Soviet Union is always willing to agree that we destroy our atomic weapons.

When we come to the question of why the Soviet Union refuses to accept any effective system of international control, we are forced to deduce the real reasons for their refusal, not their stated reasons. In this connection, it is well to remember that never once has any Soviet representative stated that the United Nations plan would not be an effective one. This point has been made on a number of occasions by U.S. representatives and has never been challenged by the Soviet representative. One reason why the Soviet Union has refused to give serious consideration to any effective system is the fact they feel that any such system would be a breaching of the Iron Curtain. This, apparently, the Soviet Union cannot accept, whatever the consequences might be for international peace and security.

Another reason that comes to mind is the fact that the alternative to no agreement on international control is not necessarily unpleasant for the Soviet Union. It is unpleasant for the democracies for the

reason that the greatest threat that atomic weapons pose to the world is the threat of an atomic Pearl Harbor. Now, obviously, democracies do not launch such surprise attacks. Whatever the Soviet propaganda may say, they must fully realize this fact. The same does not hold true for a totalitarian state. Hitler's attacks on Poland, Norway, Denmark, Holland and the Soviet Union itself, and the Japanese attack against us, fully bear out this latter conclusion. The Soviet Union is not without guilt in this regard, as witness their actions against Poland and Finland in 1939. So long as the Soviet Union finds that the alternative to no agreement on effective control is an acceptable situation to them, there is little prospect that we can find any real basis for negotiation with them in this field. This is all the more true since they do not have to meet the pressure of any public opinion within their own country.

We are, therefore, forced to the conclusion that agreement in this field cannot pave the way for agreement in all the other areas of differences between the free world and the Soviet Union. Now this is not a new or a recent conclusion. It was reached as long ago as May, 1948 not only by the United States, but by ten of the twelve members of the United Nations Atomic Energy Commission, when, in its Third Report, they stated that "in the field of atomic energy, the majority of the Commission has been unable to secure the agreement of the Soviet Union to even those elements of effective control considered essential from the technical point of view, let alone their acceptance of the nature and extent of the participation in the world community required of all nations in this field by the First and Second Reports of the Atomic Energy Commission. As a result, the Commission has been forced to recognize that agreement on effective measures for the control of atomic energy is itself dependent on cooperation in broader fields of policy."

Although this conclusion was reached two years ago, we have not ceased our efforts to find some basis for agreement. At the request made on two occasions by the General Assembly of the United Nations, we have participated in a new and smaller forum composed of the six permanent members of the United Nations Atomic Energy Commission. These are Canada, China, France, the U.S., the U.K. and the U.S.S.R., who had originally sponsored the General Assembly resolution which created the United Nations Atomic Energy Commission in January, 1946. To permit freer discussion, these meetings were held in closed session. The first meeting was on August 9, 1949. On October 25, an interim report to the General Assembly was submitted on the results of the consultations. I regret to state that absolutely no progress was made toward reaching a basis for agreement. On the same date, five of the powers submitted a statement to the General

Assembly³ in which, among other things, they outlined the basic obstacles to agreement, and stated certain conclusions which I believe are sufficiently important to read to you now:

"It appears from these consultations that, as in the past, the Soviet Union will not negotiate except on the basis of the principles set forth in the Soviet proposals of June 1947.⁴

"The essential points in the Soviet control proposals, and the reasons for their rejection by the other five Powers, as brought out in the consultations, are as follows:

"The Soviet Union proposes that nations should continue to own explosive atomic materials.

"The other five Powers feel that under such conditions there would be no effective protection against the sudden use of these materials as atomic weapons.

"The Soviet Union proposes that nations continue, as at present, to own, operate, and manage facilities making or using dangerous quantities of such materials.

"The other five Powers believe that under such conditions, it would be impossible to detect or prevent the diversion of such materials for use in atomic weapons.

"The Soviet Union proposes a system of control depending on periodic inspection of facilities, the existence of which the national government concerned reports to the international agency, supplemented by special investigations on suspicion of treaty violations.

"The other five Powers believe that periodic inspection would not prevent the diversion of dangerous materials and that the special investigations envisaged would be wholly insufficient to prevent clandestine activities.

"Other points of difference, including Soviet insistence on the right to veto the recommendations of the International Control Agency, have not yet been discussed in the consultations.

"These consultations have not yet succeeded in bringing about agreement between the U.S.S.R. and the other five Powers, but they have served to clarify some of the points on which there is disagreement.

"It is apparent that there is a fundamental difference not only on methods but also on aims. All of the Sponsoring Powers other than the U.S.S.R. put world security first and are prepared to accept inno-

³ For the full text of the Interim Report and the Five-Power statement of October 25, 1949, see United Nations, *Official Records of the General Assembly, Fourth Session, Supplement No. 15*, "International Control of Atomic Energy" (hereafter cited as GA(IV) *Supplement No. 15*), pp. 33-37, or Department of State, *Documents on Disarmament 1945-1959* (Washington: Government Printing Office, 1960), vol. I, pp. 216-225.

⁴ For text of the proposals submitted by Soviet Representative Andrei A. Gromyko, June 11, 1947, see United Nations, *Official Records of the Atomic Energy Commission, Second Year, Plenary Meetings* (hereafter cited as AEC, *2nd yr., Plenary*), pp. 20-24, or *Documents on Disarmament 1945-1959*, vol. I, pp. 85-88. For documentation on the Soviet proposals, see *Foreign Relations, 1947*, vol. I, pp. 327 ff.

vations in traditional concepts of international cooperation, national sovereignty and economic organization where these are necessary for security. The Government of the U.S.S.R. puts its sovereignty first and is unwilling to accept measures which may impinge upon or interfere with its rigid exercise of unimpeded state sovereignty.

"If this fundamental difference could be overcome, other differences which have hitherto appeared unsurmountable could be seen in true perspective, and reasonable ground might be found for their adjustment."

I wish to lay particular stress on the conclusion reached that the Soviet Union places its own narrow interpretation of sovereignty ahead of any consideration of what the impact of this interpretation might have on world peace and security.

I should like to recall also the behavior of the Soviet Union since the General Assembly in the consultations among the permanent members. The General Assembly on November 23, 1949, passed the following resolution by 49 votes to 5:

[Here follows the text of General Assembly Resolution 299 (IV), November 23, 1949, which requested the permanent members of the United Nations Atomic Energy Commission to continue their consultations. For the text of Resolution 299 (IV), see *Foreign Relations*, 1949, volume I, page 225.]

At the second meeting after the General Assembly and the fourteenth in the series of consultations on January 19, 1950, the Soviet Union, despite the solemn request of the General Assembly, walked out over the wholly extraneous and irrelevant issue of who should sit in the consultations for China. I was present at that meeting. I stated that the U.S. Government took the instructions of the General Assembly seriously and, had a different decision been made by the nations present regarding Chinese representation, I had been under instructions to proceed with the consultations. We continue to be ready to proceed with these consultations whenever the Soviet Union chooses to return to them. But I submit that unless and until the Soviet Union decides to become a cooperating member of the world community and to cooperate with the rest of the United Nations in the maintenance of international peace and security, there is little prospect of any agreement on the question of international control of atomic energy.

The issues that separate us on this matter are fundamental ones. They cannot be solved by any tinkering with or modification of the control system. That does not mean that we are rigid in our thinking on this matter. On the contrary, we have repeatedly stated that we would give serious and sympathetic consideration to any proposals that might make the present United Nations plan either more workable or effective. We ourselves are constantly studying this problem

and if we should come up with any ideas that appear promising, we will not hesitate to put them forward.

In our consideration of this problem, we are well aware that the prohibition of atomic weapons is but one aspect of the armaments question. It cannot be finally dealt with except in the realization of the fact that the implementation of a plan for the international control of atomic energy and the prohibition of atomic weapons must go hand in hand with the implementation of a plan for the regulation and reduction of conventional armaments. In the formulation of the respective control and regulation systems, it is essential, and was so recognized by the United Nations, to keep the two separate, but, as I stated before the *Ad Hoc* Political Committee of the General Assembly on November 19, 1949:

“At no time has any one denied that the two fields are closely inter-related—that they are two aspects of the one problem of disarmament. The Atomic Energy Commission has been endeavoring to work out a suitable and effective system for the control of atomic energy and the prohibition of the atomic weapon. The Commission for Conventional Armaments has been endeavoring to work out the preliminary steps for the development of an effective plan for the regulation and control of conventional armaments and armed forces. If and when the two Commissions succeed in developing suitable and acceptable plans in their respective fields, there will be a necessity for coordinating the two plans in an over-all system of collective security.”⁵

This means that whenever there is agreement on the international control of atomic energy and the prohibition of atomic weapons, we would not be in a position of disarming ourselves in one field without a compensatory reduction in the striking power of the Soviet land armies.

As I stated earlier, although we do not see much prospect of an early agreement in this field with the Soviet Union, we shall continue our efforts in the United Nations to reach agreement. But, as Secretary Acheson has said, we must not seek agreement for the sake of reaching agreement. We must maintain our economic health and stability in this country and increase our strength. We must, in association with the other free countries of the world, endeavor to build up our collective strength so that the Soviet Union will find itself impelled to enter into agreements in this and related fields. In my opinion, such agreements, deriving from a strong and united free world, have a good likelihood of being carried out by the Soviet Union. I must confess frankly that I would have little confidence that the Soviet Union would carry out any other kind of agreement. Their bad record in international affairs strongly supports this conclusion. Until such agreements are possible,

⁵ For the record of Hickerson's address of November 19, 1949, see GA(IV), *Ad Hoc Political Committee*, pp. 235-236.

we must build up our strength and that of the free world so that the Soviet Union will find aggression an unpromising and unprofitable venture.

Editorial Note

The meetings of the Working Committee of the Commission for Conventional Armaments held during the period May 18–August 9, 1950, were devoted in large part to the discussion of four working papers presented by the United States: (1) S/C.3/SC.3/23, "General Views on Item 3 ('Safeguards') of the Plan of Work adopted by the Commission," May 18, 1950; for text, see Department of State *Bulletin*, June 12, 1950, pages 957–958, or *Documents on Disarmament*, volume I, pages 233–235; (2) S/C.3/SC.3/24, "Proposed Conventional Armaments Administration," June 22, 1950; for text, see *ibid.*, pages 235–239; (3) S/C.3/SC.3/25, "General Views on the Nature and Scope of Military Safeguards—Information on Military and Para-Military Establishments to be Reported, Inspected, and Verified," July 13, 1950; for text, see *ibid.*, pages 240–247; (4) S/C.3/SC.3/26, "General Views on the Nature and Scope of 'Industrial Safeguards'—Safeguards Through Industrial Information," July 13, 1950; for text, see *ibid.*, pages 247–248.

The progress report of the Working Committee (S/C.3/43), not published, including summary records of meetings and working papers considered, was transmitted to the Commission on August 9. In its report to the Security Council, S/1690, August 15, not published, the Commission transmitted the report of the Working Committee and the summary records of its own meetings. The Security Council took no action with respect to the report of the CCA during the remainder of 1950.

330.11/6–2050 : Telegram

The Ambassador in Denmark (Anderson) to the Secretary of State

SECRET

COPENHAGEN, June 20, 1950—6 p. m.

440. In several conversations over weekend Professor Niels Bohr¹ stated that he had sent his open letter to UN² in hope of making a

¹Danish theoretical physicist and pioneer in the development of nuclear physics; adviser, Manhattan Engineer District (United States atomic bomb development program), 1943–1945.

²For text of the open letter addressed by Professor Bohr to the United Nations, June 9, 1950, see *Bulletin of the Atomic Scientists*, July 1950, pp. 213–217, 219. The communication advocated a system of free exchange of ideas and information among nations. For documentation on Bohr's proposal for "openness" presented to United States officials in 1948, see *Foreign Relations*, 1948, vol. I, Part 1, pp. 311 ff.

contribution to world peace. He stressed, however, that his underlying purpose was to strengthen West's position vis-à-vis East by offering a more positive constructive moral theme. He considered concentration on theme of struggle against Communism was too negative and that world must have some higher aspiration. He believed that his idea, if appropriately developed could furnish a powerful stimulus to peace loving peoples of west and might even produce favorable effects on peoples behind the Curtain. He emphasized that if USSR also accepted, his plan would give greater advantage to West than to USSR since latter presumably is fully informed on atomic and other developments in West while we know very little what is taking place behind the Curtain. He was concerned lest Embassy and Department might not understand spirit in which he had offered suggestion and he was most apprehensive as to possible adverse repercussions on peoples of West should US dismiss or reject his proposal. He believed US had opportunity to make dramatic gesture which could electrify world.

Mrs. Roosevelt had long discussion Sunday with Bohr. She considered his proposals have some merit and plans to discuss same with President and Secretary after her arrival in US.

Embassy is of opinion that Bohr is intensely desirous of making some contribution to relieving tension between East and West; that this desire stems, not only from his own humanitarian instincts and devotion to Western democracies, but also as most Danes believe, from a keen sense of his own responsibility for present impasse as result of his contributions to development of atomic bomb.

ANDERSON

Department of State Atomic Energy Files

Memorandum of Conversation, by Mr. R. Gordon Arneson, Special Assistant to the Under Secretary of State (Webb)

CONFIDENTIAL

[WASHINGTON,] June 26, 1950.

Subject: Open Letter to the United Nations from Professor Niels Bohr dated June 9, 1950.

Participants: John D. Hickerson, Assistant Secretary of State for United Nations Affairs
 Mr. Henrik deKauffmann, Ambassador of Denmark
 Benjamin M. Hulley, BNA
 R. Gordon Arneson, U/A

The Danish Ambassador called at his request to set forth the views of the Danish Government on the open letter which Professor Niels Bohr had addressed to the United Nations on June 9, 1950. These views are reflected in the attached *aide-mémoire* which Ambassador deKauffmann left with the Department.

In elaboration of the matter, Ambassador deKauffmann made the following points. He was confident that Professor Bohr did not entertain any hope that the Soviet Union would agree to a proposal of openness. Professor Bohr felt that a great advantage would accrue to the United States if it saw fit to make such a proposal even though it would be turned down by the Soviet Union because it would help to rally the liberal and intellectual forces of the world to the support of the United States. Ambassador deKauffmann was pleased to note that there had been no expression of disapproval in the United States of Professor Bohr's proposal. He hoped very much that, at minimum, the United States would continue to refrain from adverse criticism of the proposal. He recognized that there were many practical difficulties. He recalled that Professor Bohr's views on this matter had been known to the United States Government for some time and that a great deal of thought had been given to it. He hoped that it might be possible for the United States at least to express itself in favor of an open world as an objective to be striven for. He felt that a statement to this effect, while not very concrete, would be very helpful.

Mr. Hickerson stated that the Department was very glad to have this opportunity to discuss the Bohr proposal and very much appreciated having the views of the Danish Government as presented by the Ambassador. He went on to say that Professor Bohr's views had been known for some period of time and that while we were of course in complete sympathy with the ideals expressed in the proposal, we foresaw many practical difficulties in handling the proposal.

Turning briefly to the Stockholm appeal,¹ Ambassador deKauffmann pointed out that Professor Bohr had refused to sign it because he saw that it was at complete variance with his objective. The Communist press had attacked him vigorously for his unwillingness to sign while attempting to claim that his proposals and the Stockholm appeal sprang from the same motivations for world peace.

The Danish Ambassador left with the Department copies of Professor Bohr's public reply to the request made on him to sign the Stockholm appeal as well as a copy of his statement to the press on the release of his open letter to the United Nations. Both are attached.²

¹ The Stockholm Appeal of the World Peace Council, March 19, 1950, read as follows:

"We demand the absolute banning of the atom weapon, arm of terror and mass extermination of populations.

"We demand the establishment of strict international control to ensure the implementation of this banning measure.

"We consider that any government which would be first to use the atom weapon against any country whatsoever would be committing a crime against humanity and should be dealt with as a war criminal.

"We call on all men of good will throughout the world to sign this Appeal."

Documentation on the Stockholm Appeal is scheduled for publication in volume IV.

² Neither reproduced.

[Annex]

The Danish Embassy to the Department of State

CONFIDENTIAL

AIDE-MÉMOIRE

The Open Letter Professor Niels Bohr addressed to the United Nations on the 9th of June, 1950, was sent entirely on his own initiative and without foregoing consultation with the Danish Government.

When, however, the Danish Prime Minister became acquainted with the Open Letter, Mr. Hedtoft³ made the Danish point of view in regard to Professor Bohr's letter known in a statement which he gave to the press in Copenhagen on the 13th of June.

In this statement it was said :

"Professor Bohr emphasizes the importance of cooperation among nations. He raises the demand for an open world with free access to information and exchange of ideas everywhere as a means to strengthen reciprocal confidence and to guarantee mutual safety.

We in Denmark sincerely hope that the thoughts expressed in the Open Letter may be an impulse to serious deliberations in the minds of everybody who has a share in the responsibility for the future of our world."

The view expressed by the Prime Minister is shared by the entire Danish Cabinet.

While the Government in Copenhagen has no intention to make any further public comments to Professor Bohr's Open Letter for the time being, the Danish Government would like to acquaint the Government of the United States of America with their views on the matter in every respect.

The Danish Government attaches very great importance to the thoughts expressed in Professor Bohr's Open Letter and would deeply deplore it should Professor Bohr's initiative be looked upon by the public merely as an expression of the good intentions of a purely theoretical scientific mind.

In the view of the Danish Government, an early clear American declaration to all countries in favor of an open world and a renewed American offer to place all military scientific inventions at the disposal of all countries under the safeguard of mutual appropriate international control would be of the greatest value in the effort to surmount the present international stalemate. Such a step would create all over Europe a strong and good impression of American sincerity and might possibly also be of great impact in Yugoslavia, China, India, and other countries.

³ Hans Hedtoft, Prime Minister of Denmark.

Even if not accepted it would possibly force the opponents of an open world to explain their reasons in public.

For these reasons the Danish Government would view with great regret any statement from the American Government indicating dissociation from the thoughts expressed by Professor Bohr.

WASHINGTON, June 21, 1950.

PM Files

The Acting Chairman of the United States Atomic Energy Commission (Pike) to the Secretary of State

SECRET

WASHINGTON, June 26, 1950.

DEAR MR. ACHESON: The Commission and the General Advisory Committee to the Commission have had an opportunity to examine the question raised in your letter of April 20, 1950, concerning the United Nations plan for the international control of atomic energy.

We have examined the recommendations of the United Nations Atomic Energy Commission, as embodied in Department of State Publication 3646. We have also examined in particular Part IV of the United Nations report, entitled "The First Report of the Atomic Energy Commission to the Security Council." This deals with the scientific and technical aspects of the problem of control, and makes explicit the agreed view of the technical problems which underlay the control plan.

The Commission and the General Advisory Committee agree (1) that there have been no new scientific discoveries known to us which alter the situation; (2) that there may soon be technical developments which have some bearing on control problems; and (3) that, with the passage of time, major changes in the technical situation have occurred which profoundly alter the presuppositions under which the report appears to have been made. We may briefly summarize these points.

1. No scientific discoveries are known to us which open up sources of energy release not publicly known when the reports were written. No discoveries lend support to the view that the large-scale release of atomic energy can be based on raw materials other than uranium or thorium.

2. *a.* One technical development now underway in this country may, if successful, have an effect on the control plan. This is the electro-nuclear generation of neutrons. If this turns out to be practical on a large scale, it will mean that atomic energy can be released by converting thorium to U-233 without the use of natural uranium. This would mean that controls of thorium might have to be as strict as those of uranium. This development would also make it possible to produce not only U-233 but tritium and plutonium without the operation of

reactors. The success and cost of this development can not now be foretold; it is unlikely to be realized for a few years.

b. The development of thermonuclear weapons now underway in this country may also have a bearing on the control plan. If this development is successful, it will mean that tritium must be regarded as a "dangerous" material. No development of thermonuclear weapons appears possible which does not start with an atomic explosion using plutonium, U-235, or U-233, and which does not use tritium produced in nuclear reactors, or perhaps by electronuclear neutrons.

3. There are at least three important changes in the technical situation that have occurred since the first use of atomic weapons. One is the production of atomic weapons by the Soviet Union; the second is the great accumulation of stocks of U-235 and plutonium, at least in this country; the third is the fact that the hopes for a rapid development of atomic power have not so far been fulfilled. The first two of these clearly create serious problems with regard to bringing into operation the control provisions of the plan. The third indicates that the development of a large-scale atomic power industry is less certain and may proceed more slowly and on a smaller scale than envisaged in the control arrangements. This point may be relevant in assaying the relative importance of development and control functions of an international authority limited solely to atomic energy.

Sincerely yours,

SUMNER T. PIKE

330.11/7-2150

*Memorandum of Conversation, by Mr. David H. Popper of the Office
of United Nations Political and Security Affairs*

SECRET

[WASHINGTON,] July 21, 1950.

Participants: M. Henri Bonnet, Ambassador of France
Mr. John D. Hickerson, UNA
Mr. David H. Popper, UNP

Ambassador Bonnet called to discuss the problem of handling the subject of control of atomic energy at the General Assembly next fall. The Ambassador pointed out that the matter would undoubtedly arise at the Assembly, and that because Soviet "peace" propaganda had made certain inroads in Europe and elsewhere, it was important to seek a common approach to the subject. It was also necessary to consider methods of dealing with impracticable proposals for atomic energy control which might be made from the most generous motives by individuals like Romulo, but which might be extremely dangerous. We had had some experience with such proposals at the last General Assembly. The Ambassador suggested that members of the US, UK, and French Delegations in New York discuss the problem informally in the near future.

Mr. Hickerson informed Ambassador Bonnet that we would be planning to consult the French as well as the British on a number of General Assembly issues and that we would be glad to undertake separate talks on atomic energy. It was agreed that the Ambassador would so inform M. Chauvel in New York as well as his Government, and that Mr. John Ross, who is the ranking US representative for atomic energy problems at the Mission, would be authorized to participate, possibly with the assistance of an expert from the Department. The French will take the initiative in raising the matter in New York.

Mr. Hickerson suggested that in order to avoid complications with regard to Chinese participation in the informal talks, it would be better to limit the discussions to American, British and French representatives, excluding the Canadians. The Ambassador agreed.

330.11/8-1150 : Telegram

The Secretary of State to the United States Representative at the United Nations (Austin)

SECRET

WASHINGTON, August 14, 1950—7 p. m.

143. For Ross from Hickerson. After discussion subject urtel 257¹ am firmly of opinion no meeting of six permanent members of UNAEC should be called. Position majority unassailable and cannot be improved by asking Malik whether he still means what he said when he walked out in Jan. We already have Malik's refusal to participate on the record. Majority statement in lettr 30 Jan to SYG, UNAEC, and all UN members is, in effect, report to GA.

A meeting might give an illusion of progress, would divert attention from important issues, and should Malik appear, would risk all the dangers arising from debating again the issue of Chinese representation without any compensating advantages.² [Hickerson.]

ACHESON

¹ In telegram 257 from New York, August 11, Ross reported that Jean Chauvel, French Representative to the U.N. Atomic Energy Commission, had raised the possibility of addressing a communication to Soviet Representative Malik concerning the possibility of his return to the forum of the six sponsoring powers (Malik had returned to the Security Council at the beginning of August) (330.11/8-1150).

² In a conversation of August 28, Hickerson informed Chauvel and Sir Gladwyn Jebb, Permanent British Representative at the United Nations and to the U.N. Atomic Energy Commission, of the opposition of the United States to an approach to Malik. He indicated, however, that if the other four sponsors favored such an initiative, the United States would go along with that course of action. (IO Files: US/AEC/51) No evidence that the French proposal was pursued has been found in the files of the Department of State.

PM Files

*The Secretary of State to the Chairman of the United States Atomic Energy Commission (Dean)*¹

SECRET

[WASHINGTON,] August 22, 1950.

DEAR MR. CHAIRMAN: International control of atomic energy is on the agenda for this fall's session of the United Nations General Assembly. In the debates on this agenda item, it is the intention of the United States Government to continue its support of the United Nations plan of control.

In a letter dated April 20, 1950, I asked the Atomic Energy Commission for a current evaluation of the United Nations plan. In a letter dated June 26, 1950 from Sumner T. Pike, Acting Chairman, I received assurance that there have been no new *scientific* discoveries known to the Commission which altered the situation.

The Commission's letter, however, identified two *technical* developments which might have some bearing on control problems and three major changes in the *technical* situation which have occurred since the plan was developed and approved.

It is important to be certain whether it would be technologically feasible to establish the type of control envisaged in the United Nations plan and, further, whether the plan, once established, would be effective.

One technical development mentioned in the letter indicates that it might be possible to produce not only plutonium from uranium and tritium from lithium, but also U-233 from thorium, without the operation of reactors. The United Nations plan makes no distinction between the controls which the international agency would exercise over uranium and thorium. Since the plan also provides that the international agency would own, operate and manage all facilities that make or produce dangerous quantities of nuclear fuel—which, by definition, includes both fusionable and fissionable materials—it would appear that the United Nations plan would meet the dangers inherent in this possible development. I should like the views of the Commission on this point.

The other technical development mentioned in the letter relates to the possible development of thermonuclear weapons. As the Commission's letter states, an atomic explosion using plutonium, U-235, or U-233 is necessary to start a thermonuclear reaction. It follows then, if fission weapons were effectively eliminated, no thermonuclear weapon could be made. As for the point that tritium must be con-

¹ Commissioner Gordon E. Dean was appointed Chairman of the United States Atomic Energy Commission effective July 11, 1950.

sidered a "dangerous material", the United Nations plan gives the agency the power to define "dangerous" materials. If we recall further that the United Nations plan gives to the international control agency the exclusive right to own source material, key substances, nuclear fuel and all facilities that make or produce these in dangerous quantities, it appears that the United Nations plan would effectively meet the dangers from the possible development of thermonuclear weapons. The views of the Commission on this point are also requested.

Mr. Pike's letter of June 26, 1950, identifies three changes in the technical situation that have occurred since the first use of atomic weapons. In my opinion, the most significant one, from the viewpoint of international control, is the second; namely, the accumulation of stocks of nuclear fuel by more than one country. Apart from the problem of disposing of these stocks once the United Nations plan was accepted, there is the question as to how one can be assured that all accumulated stocks would, in fact, be turned over to international control. If there can be no adequate assurance on this point, it may well be that there is no plan of control, the United Nations or any other, which would prevent atomic weapons from appearing on the international scene without timely warning. I should appreciate the Commission's advice as to the combination of scientific and technical methods that could be used to determine whether all significant stocks have been turned over to the agency, and the degree of certainty attaching thereto.

If the degree of certainty is very high, the first change in the technical situation mentioned in the letter, namely, the production of atomic weapons by the Soviet Union, can be coped with. Assurance that no stocks of nuclear fuel would be in the possession of any nation after the establishment of the plan could mean that atomic weapons could not get into national hands without warning.

The production of atomic weapons by the Soviet Union raises some problems concerning the establishment of any control system. However, it should be pointed out that during the development of the United Nations plan, it had always been kept in mind that not only the Soviet Union, but other nations would come into possession of atomic weapons. In the detailed spelling out of stages of transition from the present situation to one of international control, which has yet to be done, such capabilities would be taken into account.

The fact that hopes for a rapid development of atomic power have so far not been fulfilled is the third major change identified in the letter. It occurs to me that, among others, the possible development of the electro-nuclear method of generating neutrons might, by easing the uranium supply problem, have a bearing on the prospects for devel-

oping atomic power on a substantial scale. If this is so, it is perhaps difficult to improve on the provision incorporated in the United Nations plan designed to give flexibility in this matter to the international control agency, as technical developments might warrant. This provision is contained in Specific Proposal 12, Chapter 4, page 25 of the United Nations plan, which reads :

“The international agency shall keep the production of nuclear fuel, in a form suitable for ready conversion to use in atomic weapons, at the minimum required for efficient operating procedures necessitated by actual beneficial uses, including research and development. The agency shall not be authorized to increase existing stocks of nuclear fuel for any contemplated requirement, except where it is necessary to produce nuclear fuel for use in facilities whose location, design, construction and financing have been definitely decided by the agency and the nation concerned.”

Early receipt of the Commission's view on the foregoing points would be helpful. The Fifth Regular Session of the General Assembly will be convened on September 19, 1950.

Sincerely yours,

DEAN ACHESON

IO Files : SD/A/C.1/336

Position Paper Prepared in the Department of State

SECRET

[WASHINGTON,] September 2, 1950.

INTERNATIONAL CONTROL OF ATOMIC ENERGY

THE PROBLEM

What should be the position of the United States with regard to the international control of atomic energy ?

RECOMMENDATIONS

1. The United States should not encourage substantive debate on this question in the General Assembly.

2. If debate develops, the United States should take the following position :

(a) Continue its support for international control by means of the United Nations plan, while making it clear that any other proposals which would be equally or more workable and effective would receive our sympathetic consideration.

(b) Support continuation of the forum of the Six Permanent Members (the Sponsoring Powers) of the United Nations Atomic Energy Commission as the only appropriate one for seeking a basis for agreement, and oppose resumption of negotiations in the United Nations Atomic Energy Commission itself.

(c) Press the view that, although the system for international control of atomic energy is necessarily different from the system for the regulation and reduction of conventional armaments and their *formulation and elaboration* must be kept separate, the two must be coordinated *in their implementation* once agreement has been reached on the respective systems.

COMMENT

The underlying causes for the impasse in atomic energy negotiations first reported on May 17, 1948 by the United Nations Atomic Energy Commission¹ have become increasingly obvious. The negotiations have been thwarted by an "impasse in depth": the persistent refusal of the Soviet Union either to accept the only effective plan for control and prohibition so far devised or to put forward any effective proposals of their own stems from the fundament of Soviet refusal to become a cooperative member of the world community. No effective prohibition is possible without an effective system of control. This is rejected by the Soviet Union because any such system would open up the Soviet Union, and therefore cannot be tolerated by the Kremlin. So long as the Kremlin maintains its present methods, policies and aims there is no hope of securing dependable agreement on effective international control.

The forum of the Six Permanent Members of the United Nations Atomic Energy Commission, established by the General Assembly in 1948, is the appropriate body in which to seek a basis for agreement. To it should be referred any substantive proposals that may be made in the General Assembly debate. Composed of those Members of the United Nations whose agreement is essential if any system of control and prohibition is ever to be established, it is the proper body for exploiting or exposing to the fullest any change in Soviet attitude or position. The United States is prepared to resume consultations in this forum whenever the Soviet Union chooses to return to it.

It is obvious that a system of control aimed at prohibition of atomic weapons should be put into effect in phase with the implementation of a system for regulation and reduction of conventional armaments. As appropriate in the debate, the United States should re-emphasize the view set forth by the United States Delegation on November 19, 1949 in the debate on conventional armaments as follows:

"At no time has any one denied that the two fields [atomic weapons and conventional armaments]² are closely interrelated—that they are two aspects of the one problem of disarmament. The Atomic Energy

¹Reference is to the Third Report of the U.N. Atomic Energy Commission (AEC, 3rd yr., *Special Suppl.*, or Department of State Publication 3179 (July 1948)).

²Brackets appear in the source text.

Commission has been endeavoring to work out a suitable and effective system for the control of atomic energy and the prohibition of the atomic weapon. The Commission for Conventional Armaments has been endeavoring to work out the preliminary steps for the development of an effective plan for the regulation and control of conventional armaments and armed forces. If and when the two commissions succeed in developing suitable and acceptable plans in their respective fields, there will be a necessity for coordinating the two plans in an over-all system of collective security.”³

³ For the record of the 42nd Meeting of the *Ad Hoc* Political Committee, November 19, 1949, during which John D. Hickerson, the United States Representative, made the statement here quoted, see GA(IV), *Ad Hoc Political Committee*, pp. 234-245.

IO Files: SD/A/C.1/337

Position Paper Prepared in the Department of State

SECRET

[WASHINGTON,] September 2, 1950.

REGULATION AND REDUCTION OF CONVENTIONAL ARMAMENTS AND
ARMED FORCES

THE PROBLEM

What should be the position of the United States with regard to the regulation and reduction of conventional armaments?

RECOMMENDATIONS

1. The United States should not encourage substantive debate on this question in the General Assembly.

2. If debate develops, the United States should take the following position:

(a) Continue its support of the objective of regulation and reduction of conventional armaments and armed forces.

(b) Support continuation of the planning activities of the Commission for Conventional Armaments proceeding on the basis of its approved plan of work and currently engaged in the consideration of Item 3 thereof.

(c) Insofar as there are attempts to link planning activities of international control of atomic energy with the regulation and reduction of conventional armaments and armed forces, press the view that, although the system for international control of atomic energy is necessarily different from the system for the regulation and reduction of conventional armaments and armed forces, and their *formulation* and *elaboration* must be kept separate, the two must be coordinated in *their implementation* once agreement has been reached on the respective systems.

COMMENT

While attempting to avoid a substantive debate on the regulation and reduction of conventional armaments and armed forces in the Fifth Regular Session of the General Assembly, the United States should not hesitate to defend its record and attack the Soviet record. The underlying cause for the lack of real progress in negotiations looking toward the regulation and reduction of conventional armaments and armed forces stems from Soviet policies, methods, and aims. There are no indications that the U.S.S.R. will change such policies, methods, and aims in the foreseeable future, or that it will make any effort to negotiate constructively in the field of armaments regulation and reduction. Soviet objectives include the use of the armaments field as one facet of its subversive program. The most effective means for dealing with Soviet moves in the conventional armaments field is for the United Nations to continue support of the Commission for Conventional Armaments proceeding in accordance with its approved plan of work.

The Commission for Conventional Armaments is currently engaged in discussions on Item 3 of its plan of work despite the absence of the representative of the Soviet Union. Item 3 consists of "consideration of practical and effective safeguards by means of an international system of control operating through special organs (and by other means) to protect complying states against the hazards of violations and evasions". The United States attaches great importance to the thorough consideration of Item 3. The United States has introduced into the Commission for Conventional Armaments four papers expressing the general views of this Government with respect to the scope and nature of the "safeguards" field. These papers constitute the core of substantive consideration of this problem since the Fourth Regular Session of the General Assembly, and in fact represent the substance of the Commission's report to the Security Council for its activities since the Fourth Regular Session of the General Assembly. The four United States papers constitute general guidance on the substance of Item 3—"Safeguards".¹

The general views of the United States contained in the four papers will undoubtedly serve as the basis for future discussion in the Commission for Conventional Armaments.

Any substantive proposals made during the Fifth Regular Session of the General Assembly should be referred to the Commission for Conventional Armaments for consideration within the framework of its established plan of work.

It is obvious that a system for regulation and reduction of con-

¹ For information regarding the United States papers and the report of the Commission, see editorial note, p. 75.

ventional armaments and armed forces should be put into effect in phase with the implementation of a system of international control of atomic energy aimed at prohibition of atomic weapons. As appropriate, in the debate the United States should re-emphasize the view set forth by the United States Delegation on November 19, 1949 (the Fourth Regular Session of the General Assembly) in the debate of the conventional armaments as follows:

“At no time has any one denied that the two fields [atomic weapons and conventional armaments] ² are closely interrelated—that they are two aspects of the one problem of disarmament. The Atomic Energy Commission has been endeavoring to work out a suitable and effective system for the control of atomic energy and the prohibition of the atomic weapon. The Commission for Conventional Armaments has been endeavoring to work out the preliminary steps for the development of an effective plan for the regulation and control of conventional armaments and armed forces. If and when the two Commissions succeed in developing suitable and acceptable plans in their respective fields, there will be a necessity for coordinating the two plans in an over-all system of collective security.” ³

² Brackets appear in the source text.

³ See footnote 3, p. 86.

IO Files : US/A/M(Chr)/135

Minutes of the Briefing Session of the United States Delegation to the General Assembly, Department of State, September 8, 1950, 10 a. m.

[Extract]

SECRET

Representatives and Alternate Representatives

Ambassador Austin

Mrs. Roosevelt

Senator Sparkman ¹

Senator Lodge ²

Mr. Dulles ³

Mr. Cohen ⁴

Mr. Cooper ⁵

Mrs. Sampson ⁶

Members of the Staff

¹ Senator John J. Sparkman of Alabama, member of the United States Delegation.

² Senator Henry Cabot Lodge, Jr., of Massachusetts, member of the United States Delegation.

³ John Foster Dulles, consultant to the Secretary of State; member of the United States Delegation.

⁴ Benjamin V. Cohen, Counselor of the Department of State, 1945–1947; alternate member of the United States Delegation.

⁵ John Sherman Cooper, Senator from Kentucky, 1946–1948; alternate member of the United States Delegation.

⁶ Mrs. Edith S. Sampson, alternate member of the United States Delegation.

[Here follows discussion of certain items to be considered by the General Assembly.]

3. *Atomic Energy* (SD/A/C.1/336)⁷

Mr. Arneson began with a review of the melancholy history of negotiations on atomic energy, going back to November 1945 when through the Truman-MacKenzie-King-Attlee Declaration the United Nations was asked to work out effective control plans for atomic energy. He referred also to the establishment of the Atomic Energy Commission and to the Acheson-Lilienthal report. The principle that prohibition required effective control had been accepted by the vast majority of United Nations members, but the Soviet Union had continued to maintain that prohibition could be achieved by itself, and had proposed a system of control worth absolutely nothing. Mr. Arneson described the work of the Atomic Energy Commission in working toward a system of control. Comparing the Soviet and UN plans, Mr. Arneson noted that both provided for prohibition of atomic weapons, but, while the United Nations plan prohibited nations from owning fissionable materials and operating facilities, the Soviet plan provided simply for periodic inspection of declared facilities to see whether technical rules for exploitation were being observed, and if suspicion arose, the Security Council could call for special investigations, with the obvious objection that under the proposed set-up, it would be virtually impossible for suspicion to arise.

Mr. Arneson reviewed the recommendations in the position paper. The United States should not encourage substantive debate on this question in the Assembly; this position stemmed from the view that questions such as Chinese representation, Korea, and other pressing political problems would be the center of attention. Moreover, the United States record on effective international control was clear.

Ambassador Austin asked whether there should not be some recognition of the suspicion which prevails in the Assembly among all nations that we have not been sincere in our offers, and that we have imposed a control plan which is too difficult to be carried out. He wondered whether at least we should not discuss the matter to prove that we are in dead earnest on this subject and absolutely sincere, that we are continuing to search for better plans, that we are open-minded, that we realize the danger of this terrible force and hope for a solution. Mr. Arneson concurred in this position.

Mr. Dulles, while agreeing that there was merit in Ambassador Austin's remarks, thought that there was nothing which the United States could do which would effectively dissemble the fact that our

⁷ *Ante*, p. 84.

entire strategic position was based upon the use of atomic weapons. We had not developed ground forces but had limited ourselves to one thing—the creation of a strategic air force for carrying atomic bombs. Words could not dissemble these facts. We could not deprive ourselves of atomic weapons unless a complete settlement was reached. He was rather skeptical as to whether we should encourage discussion which, however eloquent our words, ran counter to our deeds.

Senator Lodge expressed his sympathy with these views, inasmuch as our basic strategy was based upon the atomic bomb. Nevertheless, we were ready to go ahead with a plan of control but, while our record was clear on this point, it was not clear at all in the mind of the average man, judging from the Stockholm Appeal, and our position, he felt, should be advertised to offset this effect. Mr. Hickerson believed the Korean crisis had done a great deal to expose this phoney appeal for peace. He did not feel that we would have the same difficulty with it as might have been the case without Korea, which had completely discredited the Stockholm Appeal. Moreover, we stood by our plan for control, and nobody would be happier than the United States if that plan could be accepted as a part of a general disarmament plan which would make a corresponding reduction in the forces of the Soviet Union.

It seemed to Mr. Cohen that for the first few years the United States had made an excellent record and gotten tremendous good will by making people genuinely believe that we were working hard to solve the problem of the atomic weapon; since that time we had lost something, although he hoped his analysis might be wrong. He was not defending the Soviet position, but he believed many people had derived the impression that we were not now as eager as we were then to find a solution to this problem. Recalling the Soviet discovery of the bomb, he remarked that people like Barnard^{*} were writing in favor of reconsideration of our position, and while we stated that we were ready to reconsider, he did not know whether we had really thought things through. We could lose a good deal by not thinking this problem through consistently on its merits, even as to how it affects our defense program; certainly we could not afford to play the Soviet game of talking one way and acting another. He did not think we had done all that we could to meet the problem. The situation was further complicated because some of those who had dealt with the problem had written in a way that indicated needs could not be reconciled with effective control. He did not doubt that the United States had superiority through its stockpile, but what concerned him was the

^{*} Presumably Chester I. Barnard, President of the Rockefeller Foundation; Member of the Secretary of State's Committee on Atomic Energy, 1946.

damage a few bombs from the other side might do in view of our delicately organized system.

Mr. Arneson pointed out that despite our position not to foster debate, it would undoubtedly develop. It was our position to continue to support the United Nations control plan and at the same time to make clear that we did not contend that we had exhausted all human ingenuity on the subject, and would welcome any other proposals. He indicated that the Department had not "rested on its oars" in this matter and had tried to consider alternatives, following the great debate on the hydrogen bomb and the news of the Soviet discovery. The Atomic Energy Commission had been asked whether, in the light of these developments, the plan still worked; could it be improved upon; and did it cover the hydrogen bomb. The Commission answered that the plan still worked and did cover the new bomb; accordingly we were standing by the United Nations plan.

We had been unable to find any other proposals and would welcome any. We would listen sympathetically to any ideas proposed in this Assembly. He reviewed the background of the United Nations plan. The continued Soviet refusal to accept the plan, in his view, constituted a grave danger since it implied that the Soviets would not cooperate in this case or elsewhere. He emphasized that the plan reflected not only the views of the United States but suggestions by France and others, and had been accepted by nine of the eleven Security Council Members in 1948. Because of the Soviet position, it appeared that the Commission could not continue to work usefully, and the permanent members had been requested to constitute themselves a forum to see whether any basis for agreement existed or could be reached. There had been lengthy meetings during 1949 without agreement, but these consultations had broken down with the Soviet walk-out early in 1950. Mr. Arneson believed that this forum of the six sponsoring powers should be continued. It had flexible rules, met in secrecy, and as often as it wished; it could consider any proposals. Mr. Arneson recalled that a series of suggestions had been made during the last Assembly, but the permanent members had not been able to begin on them before the Soviet walk-out. He did not believe reopening negotiations in the Atomic Energy Commission would be useful.

Mr. Arneson described the relationship between this problem and conventional armaments. It was recognized that the two must be brought "in phase" together. Neither could be worked out without a basic agreement on the control system.

Mr. Cohen was still concerned with the fact that, although things could not be changed over-night, we had not gone far enough to satisfy the American people and the world of our concrete thinking on these problems. He thought the situation required at least an

explanation of why some changes are not involved due to the Russian discovery of the bomb. He thought the idea of stages now required further study. He had not seen any official or unofficial answer to some of the problems which Barnard raised, and he believed that the Delegation should have the answers to any questions and doubts, even though those with such questions might still vote with us. We had been put at a disadvantage, insofar as public understanding was concerned, when the Russians had desired to put the two problems of conventional armaments and atomic energy together, and we had not agreed. He wondered whether we could not do something to show that we had plans for balanced armaments in the world, once current problems were settled. He thought we lost some advantage by not having our ideas in this field worked out more concretely. Perhaps a panel might be set up in this country, as was the case before, even though this time the report probably could not be made public. He felt a more constructive effort was definitely needed. So far as other countries making suggestions was concerned, he believed they were in doubt and did not wish to make any proposal which might embarrass us.

4. *Conventional Armaments* (SD/A/C.1/337)⁹

Mr. Shooshan¹⁰ explained that the conventional armaments problem was something of a stepchild. Primary attention had been focused on atomic weapons. However, in the first Assembly the Soviet representative took occasion to attack the United States proposals on atomic energy and suggested immediate steps be taken to reduce armaments and to prohibit the manufacture and use of atomic weapons. As a result, the Commission on Conventional Armaments had been established; it had decided upon a plan of work: (1) definition of conventional armaments and field of competence; (2) general statement of principles governing armaments; (3) general system of safeguards; (4) development of actual plan for regulation and reduction of conventional armaments; (5) extension of plan to non-United Nations members; (6) actual drafting of a treaty. The Soviets had submitted a separate plan of work, but the Security Council had adopted the United States-sponsored plan, the Soviet representative abstaining. The Conventional Armaments Commission had then begun work on the first two items of its program. However, at the third Assembly the Soviet Union submitted a proposal calling for a reduction of armaments by one-third. Out of this resolution had developed a French-Belgian proposal for an arms census. The United States had supported this step. Proposals had been adopted but were vetoed by the Soviet representative in the Security Council. Last year the Commission had

⁹ *Supra.*

¹⁰ Harry M. Shooshan, Jr., of the Office of United Nations Political and Security Affairs.

been instructed to continue its work, but shortly after it convened, the Soviets had walked out; nevertheless the Commission had carried on. The United States had taken the initiative and submitted four papers; a general paper laying out the field; description of the necessary organization; the field of military and para-military establishments which would have to be subject to control; other safeguards—census and verification of industries. While there had been some opposition to going ahead, it was expected that a report would go to the Assembly for its information. We would hear the views of other delegations, and while we would not push substantive debate, it could be anticipated.

Ambassador Austin suggested that the history of conventional armaments gave evidence of United States sincerity in the field. He was not quite clear as to the coordination suggested between the two fields of conventional armaments and atomic energy by the language “in phase”.

Mr. Dulles agreed that the United States should not encourage substantive debate on these subjects because, at the present stage of world affairs, it was not possible to have a debate in which the United States position could be made with great sincerity. Our control of the atomic weapons and the principal reliance of our government upon them for defense had to be taken into account in considering the problems. Acceptance of the plans we had proposed would involve complete collapse of the iron curtain. When one really stated all the conditions which would have to be met, if one was honest, he simply could not help giving the impression that the conditions were so many and so difficult that this was simply a propaganda move. While Mr. Dulles favored such propaganda when it could be gotten away with, he did not believe this field should be selected for our main propaganda effort.

[Here follows discussion of other subjects.]

S/S Files : Lot 65D238 : Conversations with the President ¹

Memorandum of Conversation, by the Secretary of State

SECRET

[WASHINGTON,] September 11, 1950.

MEMORANDUM OF CONVERSATION WITH THE PRESIDENT

ITEM NO. 5—UN GENERAL ASSEMBLY

The President asked me to consider whether either in my opening speech or in a possible speech which he might make to the General

¹ Lot 65D238, memoranda of the Secretary of State's conversations 1949–1952, maintained by the Executive Secretariat.

Assembly later in October, it would not be wise for us to renew our offers made in connection with the atomic bombs and disarmament. He did not suggest going beyond present policy but merely making clear again that we are prepared at all times to discuss and work out something on these matters.

I told the President that various opinions had been made which went considerably beyond present policy, and indicated why I thought these were unwise at the present time. He agreed that anything along the lines of the suggestions made in the first draft outline speech for me would be most disastrous.² However, he regards this matter as most important, and I told him that it would be given the greatest thought.

I also told the President that my speech in the General Assembly³ would be cleared with him and would reach him in ample time so that he could give it careful thought.

² The draft under reference has not been identified.

³ For the text of Secretary Acheson's address at the 279th Plenary Meeting of the General Assembly, September 20, 1950 (during the general debate phase of proceedings), see United Nations, *Official Records of the General Assembly, Fifth Session, Plenary Meetings*, pp. 23-27 (hereafter cited as GA(V), *Plenary*), or Department of State *Bulletin*, October 2, 1950, pp. 523-529. During his address, Secretary Acheson presented a program for strengthening international security, consideration of which ultimately resulted in approval by the General Assembly of the "Uniting for Peace" Resolution. For documentation on that subject, see vol. II, pp. 303 ff.

PM Files

*The Chairman of the United States Atomic Energy Commission
(Dean) to the Secretary of State*

SECRET

WASHINGTON, September 20, 1950.

DEAR MR. SECRETARY: In reply to your letter of August 22, 1950, the effects of technical developments on the international control of atomic energy, which were referred to in our letter of June 26, 1950, are discussed in more detail below. These matters are considered under four main headings which we believe cover the points raised in your letter.

I. Accumulation of Fissionable Material

Now that the USSR has produced fissionable material, the technical question arises as to how the United States could be sure that the USSR had turned over all fissionable material to an international agency, if such an agency were established in accordance with the United Nations plan for control of atomic energy. The plan states that the international agency would own all nuclear fuel and that nations and persons would be prohibited from producing, possessing, transferring, storing, transporting, handling, or using nuclear fuel, except as author-

ized by the international agency. The plan, to the extent that it has been worked out in the various reports of the United Nations Atomic Energy Commission, does not specifically consider the questions of when or how stocks of fissionable material would be turned over to the international agency or what safeguards would apply to prevent or detect the withholding of fissionable material, although it does deal with safeguards against diversion of fissionable material after the plan has gone into effect. Presumably, the transfer of fissionable material to the international agency was left to be considered under the subject of "stages" of transition in putting the plan into operation.

Whether there exist safeguards against withholding of fissionable material is a crucial matter for any control plan, as indicated in your letter. One approach to this problem is to inquire whether methods are available for the determination of the total past output of facilities for the production of fissionable material.

With regard to reactors, waste material in the form of radioactive fission products must necessarily be produced in the fuel elements and must be disposed of after extraction of the fissionable material. These fission products would be subject to control by the international agency because of their possible use in radiological warfare. In this country, the fission products are stored in large underground tanks and it would be possible by sampling and analyzing their contents and estimating their volume, to get some idea of the amount of plutonium produced to date and the time when production began. Representative samples and accurate results might be difficult to obtain in this way. In the case of the USSR, if the purpose were to deceive the international agency, the liquid wastes containing fission products might be allowed to run off into the ground without regard to health hazards or, with considerable effort, might be reduced in bulk and scattered, hid, or altered in such a way that significant measurements could not be made. Some of the fission products are gases and escape into the atmosphere during chemical processing of the reactor fuel elements, Methods of sampling and analyzing the atmosphere are being investigated. . . .

In addition to the fission products, radioactive materials are formed in the moderator, shielding, and structural elements of reactors. Some of those are so short-lived that they could not be used to obtain information on the past history of the reactor, but there are others which may be suitable for that purpose. Where graphite is used as a moderator as at Hanford, carbon-14 with a half-life of 5000 years is produced by absorption of neutrons in ordinary carbon. Measurement of the specific activity of samples of graphite taken from various positions in the reactor would give an indication of the total number

of neutrons which had been released in the reactor and therefore the total fissionable material which could have been produced from the time operation started. Where heavy water is used as a moderator as at Chalk River, tritium with a half-life of 12 years is produced by absorption of neutrons in deuterium. However, it would be possible to replace the heavy water after a certain period of operation, since it is not a structural part of the reactor. Investigation of long-lived activities produced in such materials as steel, concrete, and aluminum may be required.

With regard to isotope separation plants for the production of U-235, technical methods for determining total past production do not appear to be nearly as promising as for reactors. The waste material from isotope separation plants, which contains uranium depleted in U-235, has very little radioactivity and could readily be hidden or otherwise disposed of. The feed material used in the Oak Ridge plant is uranium hexafluoride, which corrodes a number of structural materials. However, the special materials used in the barriers, piping, and pumps and the operational procedures which have been developed make corrosion an inadequate means of determining the age of the plant or the time during which it has been operated. No other specific technical means of obtaining such information from an examination of the plant has been suggested to date, but further study is being given to the matter.

It is assumed that reliance would not have to be placed on the examination of reactors and isotope separation plants alone, but that the whole range of controls and inspections given in the United Nations plan would be used. This would be necessary in any case to assure that all the facilities for the production of fissionable material had in fact been located. In addition, it would provide cross-checks on what the total production had been and, in particular, might give useful clues as to the time when a particular reactor or isotope separation plant was constructed or began operation. Investigations would have to be made of the mines, mills, and dumps from which source material had been obtained in the past, the facilities for processing and purification of source material, the supply of special equipment and materials such as mass spectrometers, diffusion barriers, pure graphite, and heavy water, and the consumption of large quantities of electricity. Records would have to be examined, personnel interviewed, and ground and aerial surveys made. Considerable effort on the part of the USSR would be necessary to falsify records, remove or alter other evidence, and suborn witnesses in an attempt to withhold large quantities of fissionable material from international control.

An attempt might be made by the USSR to cover up the withholding of fissionable material by claiming that the missing material had been

consumed in atomic explosions for peaceful purposes or for tests. Methods for detecting atomic explosions would provide a check on such claims, although the quantities of fissionable material used might be difficult to determine in some cases.

With all the controls and inspections contemplated under the United Nations plan, it would appear that quantitative information could be obtained about the total amount of fissionable material produced in the past. There is still the question of whether such information could be made sufficiently accurate. The Second Report of the United Nations Atomic Energy Commission defines dangerous activities or facilities as those "which are of military significance in the production of atomic weapons," but does not give a quantitative meaning to "military significance," leaving this to the international agency to decide. Volume VI of "Scientific Information Transmitted to the United Nations Atomic Energy Commission by the United States Representative" includes the following statement:

"It is difficult to define the amount of activity in the illicit production of atomic weapons which is significant. The illicit construction of a single atomic bomb by means of a decade of successful evasion would not provide an overwhelming advantage, if it can be assumed that it would take another decade to produce a second bomb. But the secret production of one bomb per year would create a definite danger, and the secret production of five or more per year would be disastrous. This report assumes arbitrarily that the minimum unit of noncompliance is the secret production of one atomic bomb per year or of a total of five bombs over any period of time."

This statement was made at a time when atomic bombs were much scarcer than they are now. As the stocks of fissionable material accumulate in various countries, the difficulties which the international agency would encounter in detecting the withholding of fissionable material for a few bombs become greater. At the same time, weapon development is increasing the energy release which can be obtained from a given quantity of fissionable material, a trend which may reach its culmination in thermonuclear weapons.

These considerations emphasize the importance of two aspects of the United Nations plan which were never worked out in detail, the stages of transition to full control and the strategic distribution of fissionable material. Before the crucial stage of turning over fissionable material to the international agency was reached, each country would have to assure itself that no other country was withholding significant quantities of fissionable material. Since there will always be the possibility of error or inaccuracy in this determination, the strategic distribution of the bulk of the fissionable material might have to be made in such a way as to override the effects of possible withholding by one or more countries.

II. *Production of Fissionable Material by Particle Accelerators*

The possibility of producing fissionable material by means of high-energy, high-current particle accelerators was of course not known at the time the United Nations plan was formulated, but seems to be covered by the general language and definitions of the plan. However, there are a number of technical aspects of the plan which may need to be made more explicit.

Thorium may increase in importance. The First Report of the United Nations Atomic Energy Commission stated that the danger inherent in the diversion of thorium is less immediate than in the case of uranium, because thorium cannot be used by itself for the production of atomic energy. This may no longer be true, since the particle accelerator may provide a means of utilizing thorium alone in the production of U-233. The particle-accelerator development may have the same general effect as a reactor breeding program, in that it may transform U-238 and thorium into fissionable material without being limited by the U-235 content of natural uranium, thus greatly increasing the potential supply of fissionable material. The Specific Proposals of the Second Report made no distinction between the control measures to be applied to thorium and uranium, although it was realized that the control of thorium would be more difficult because of the extent and mode of its occurrence and its use outside of the atomic energy field.

The particle accelerator may require a smaller inventory of source material for a given rate of production of fissionable material than a reactor, but may be comparable as regards size of installation, cooling and shielding requirements, and chemical processing plant. The requirements for electric power and specialized electrical equipment will be much greater than for a reactor. It would therefore appear that the problems of detection and control would be no more difficult than for a reactor. It should be emphasized that the feasibility of a particle accelerator for production of fissionable material in quantity has not yet been demonstrated.

III. *Prospects for Atomic Power*

At the time the discussions of atomic energy began in the United Nations, there were some persons in this country and elsewhere who were sanguine of the early demonstration both of the practical generation of atomic power and of its economic feasibility. During the course of the discussions, it became apparent that numerous technical and economic problems were involved and that the time scale was a matter of years before atomic power could be demonstrated in a practical way and perhaps decades before atomic power might be utilized on a large

scale, if it should prove to be economically feasible. The production of large stocks of fissionable material by the international agency in anticipation of possible future uses in atomic power plants therefore seemed to be unnecessarily dangerous. There resulted the provision which you quoted from Specific Proposal 12, Chapter 4, of the Second Report, on keeping the production of weapon-level material to a minimum. This provision as written and other provisions in the same chapter would apparently permit work to continue on the development of atomic power, including the construction of pilot plants, and would allow power reactors eventually to be constructed by arrangement between the international agency and the nation concerned. Meanwhile, in the absence of international control, there has been a large accumulation of stocks of weapon-level fissionable material, so that the limitation of Specific Proposal 12 has to some extent been nullified.

Various proposals have been made for further limitations on dangerous facilities for the production or utilization of fissionable material, such as a moratorium on atomic power. An important question raised by such proposals is the disposition of the large stocks of fissionable material now in existence, which are more dangerous in the sense of the United Nations plan than development or production facilities. This is also an important problem in connection with the United Nations plan itself, and one that has not been worked out in detail. Its seriousness continues to increase as more and more fissionable material is produced.

The possibility that particle accelerators may be developed for the production of fissionable material from U-238 and thorium without being limited by the U-235 content of natural uranium would have an effect on the prospects for atomic power by making fissionable material more readily available for this purpose. The cost of fissionable material produced in this way would be a factor in determining the economics of atomic power.

IV. *Thermonuclear Weapons*

Since thermonuclear weapons would be dependent on the availability of fissionable material and reactors or particle accelerators for the production of tritium, the United Nations plan in its control of fissionable material and facilities for its production would also be controlling thermonuclear weapons. This is also in accordance with the general language and the definitions of the United Nations plan. If an opportunity presented itself at some future time, there are several places where explicit reference could be made to thermonuclear weapons and to the light elements. The provisions for the control of heavy water might also be strengthened. At present, the plan only

calls for periodic reports to the international agency from nations regarding the production, shipment, location, and use of heavy water. Because of the increasing importance of heavy water in production reactors and because of the possible use of deuterium in thermonuclear weapons, it might be desirable for the international agency to own stocks of these materials and to own, operate, and manage facilities for their production.

One important feature of the increase in energy release which thermonuclear weapons may make possible is that the seriousness of the diversion or withholding of fissionable material together with tritium and deuterium might be intensified and the accuracy required in accounting for such materials might be increased.

Conclusions. After consideration of the above matters, we arrive at the following conclusions:

a. Effective international control of atomic energy on a current and continuing basis after the United Nations plan went into full operation would be technologically feasible.

b. The detection of the withholding of fissionable material produced prior to the implementation of the United Nations plan would be more difficult, and the amount of fissionable material which might be withheld without detection would increase as the accumulation of fissionable material increases. This difficulty stresses the need for (1) stages of transition to full control of such a nature as to provide opportunities for obtaining assurances against the withholding of significant quantities of fissionable material and (2) strategic distribution of fissionable material in such a way as to minimize the effects of possible withholding.

Sincerely yours,

GORDON DEAN

IO Files: US/A/2512

Memorandum of Conversation, by Mr. Philip C. Jessup, Ambassador at Large

[Extract]

SECRET

[NEW YORK,] September 21, 1950.

Subject: Various Assembly Items

Participants: Secretary Lester B. Pearson, Canadian Delegation
Mr. R. G. Riddell, Canadian Delegation
Ambassador Philip C. Jessup, United States Delegation

I lunched with Mr. Pearson at his apartment today. Mr. Jerry Riddell was also present. The following items of UN business were discussed.

1. *Vishinsky Speech September 20th*¹

The Canadians thought the most interesting part of Vishinsky's speech was his repeated emphasis on the principle of "effective international control." Pearson said that in previous years we had had to drag out of them admissions of this principle. They suggested that we should nail the Russians upon this point. If, prior to any discussion of the Russian Resolution, a way could be found to demand that they produce their concept of what constitutes "effective international control"—with emphasis on each one of the three words—the Assembly would probably secure a basis for just refusing to talk about any of their other propositions. This of course on the assumption that the Russians are no more ready now than they ever were to talk with reality about this phrase. If the Russians really will accept effective international control, Pearson thought that in the light of such a miraculous change we could really go ahead and discuss things like disarmament. He was under no illusions that such a change had really taken place and was stressing the debating value of a suggested parliamentary procedure. He and Riddell wondered whether a separate item on the definition of "effective international control" could be put on the agenda and perhaps referred to the Sixth Committee² for consideration before we debated the Russian Resolution. They had considered an alternative of tacking this problem onto the Russian agenda item and then in Committee vote through a proposal to take up the definition first. I told them that we would study the idea.

[Here follows discussion of other subjects.]

¹ For the text of the address by Andrei Y. Vyshinsky, Soviet Foreign Minister and Chairman of the Delegation, at the 279th Plenary Meeting of the General Assembly, September 20, see GA(V), *Plenary*, pp. 27–31. Vyshinsky's address included a draft resolution titled "Declaration on the removal of the threat of a new war and the strengthening of peace and security among the Nations." For documentation on General Assembly consideration of this item, see vol. II, pp. 371 ff.

² Legal Committee.

330.11/9–2850

Memorandum of Conversation, by Mr. Lucius D. Battle, Special Assistant to the Secretary of State

CONFIDENTIAL

[NEW YORK,] September 28, 1950.

Participants: Mr. Gustav Rasmussen, Foreign Minister of Denmark
Secretary Acheson
Lucius D. Battle

In a conversation on several matters, Mr. Rasmussen mentioned an open letter from a Mr. Niels Bohr, a distinguished Danish scientist. He said that he had not understood all of the letter but felt the main point was that if the Western world would make some declaration of the sort suggested, it would be a step in the right direction. Mr. Acheson said that he had talked to Mr. Bohr and had studied his letter. He said he was not sure whether Mr. Bohr meant that we should make the offer knowing that it would be rejected and merely hoped for a favorable public reaction or whether Mr. Bohr really thought that the offer would result in the U.S.S.R. accepting and complying with it.

Mr. Rasmussen said he thought the U.S.S.R. would refuse and could not believe they would accept.

Mr. Acheson said he thought it possible the U.S.S.R. might accept but not comply with it. In fact, he said, he was convinced that they would not really comply. Mr. Acheson said he could see merit in the proposal if the idea were purely to show the world we were making a real effort to cooperate. He assured Mr. Rasmussen that we were studying the letter and had it very much in our thoughts.

Editorial Note

On October 24, 1950, the fifth anniversary of the coming into force of the United Nations Charter, President Truman addressed the General Assembly. The portion of the President's remarks devoted to regulation of armaments and international control of atomic energy listed three basic principles upon which a successful plan for disarmament would have to rest: (1) the plan must include all kinds of weapons; (2) it must be based on unanimous agreement; (3) it must contain adequate safeguards.

The President's address also included the following statement:

"Much valuable work has already been done by the two disarmament commissions on the difficult technical problems confronting them. I believe it would be useful to explore ways in which the work of these commissions could now be more closely brought together. One possibility to be considered is whether their work might be revitalized if carried forward in the future through a new and consolidated disarmament commission."

For the full text of the address, see GA(V), *Plenary*, volume I, pages 245-247, or Department of State *Bulletin*, November 6, 1950, pages 719-722.

330.11/10-2650 : Telegram

The Chargé in the Soviet Union (Barbour) to the Secretary of State

SECRET

Moscow, October 26, 1950—6 p. m.

930. Vyshinski argumentation in UN GA on control of atomic energy¹ suggests need our part to stress thought that crux of matter is enforcement of International Control Body's right to inspect anywhere at any time.

Body requiring unanimity for decision could be frustrated by Soviet veto. Body operating under majority decision would encounter Soviet refusal to abide by such decisions. Soviet Union over past few years has arbitrarily insisted on validity of its unilateral interpretations regardless of majority rulings and has even developed new system of vote counting (numerical sum of populations represented by participating countries) in spurious justification its attitude.

Most striking recent example of Soviet Union refusal recognize any interpretation but its own is Korea case where over 50 UN members have condemned North Koreans as aggressors whereas Soviet Union takes position that US and other UN members participating in Korean campaign are aggressors.

BARBOUR

¹ On October 23, Soviet Representative Vyshinsky introduced a draft resolution in the First Committee titled "Condemnation of War Propaganda, Prohibition of the Atomic Weapon, and One-third Reduction of Great Power Forces." For documentation on General Assembly consideration of this subject, see vol. II, pp. 371 ff.

320/11-350 : Telegram

The Secretary of State to the United States Mission at the United Nations

CONFIDENTIAL

WASHINGTON, November 3, 1950—1 p. m.

471. Re Delga 199 Oct 30.¹ Fol constitutes general guidance in conversations with other dels re suggestion made by Pres Oct 24 in GA re exploring ways to bring more closely together the work of AEC and CCA, one possibility being that work might be carried forward in the future through a consolidated disarmament commission. Suggestion of Pres shld be considered and discussed in context of entire speech. Underlying suggestion is fact that US has long considered necessity

¹ Delga 199 from New York, October 30, read as follows: "USDel discussions with other delegations re President's October 24 suggestion AEC and CCA might be consolidated disclose general desire to ascertain more specifically what steps US has in mind for 5th GA. Delegation would appreciate any guidance Department can furnish this matter." (320/10-3050)

for coordinating implementation of control systems in respective fields. Pres's suggestion foreshadowed at last year's GA in US statement to the effect that if and when suitable and acceptable plans for atomic energy and conventional armaments control are developed, there will be necessity for coordinating the two plans in an over-all system of collective security. In this connection, Delegation's attention called to paras 2*c* SD/A/C.1/336² and SD/A/C.1/337.³ Agreement on such coordination of implementation is an integral part of agreement on the two systems of control. Suggestion of Pres is to the effect that concurrent with continuing efforts to reach agreement on atomic energy and conventional armaments control systems, UN might now also prepare and plan for coordination of respective plans for joint implementation against the day that agreement can be reached. This is the only road to effective disarmament that US and UN can take if genuine disarmament is ever to come about. There is no intention of starting arms control discussions from scratch but rather of building on existing foundations. Suggestion accordingly does not stem from sudden shift in policy. Question involved is appropriate time when such consolidated and coordinated approach shld be advanced. Terms of reference of new commission, together with its membership, must be carefully worked out in consultation with other UN members so that commission is properly constituted at outset and will not be a source of grief later. US is interested in receiving best thinking of UN on this matter. US does not wish to impose its own ideas at time when it wld like to receive independent expression of views of others and accordingly US does not at this time intend to introduce resolution this GA on this subject. If others submit resolutions US will consider them on their merits. US will welcome the benefit of other Delegations' thinking on Pres's suggestion and in any event US will, at appropriate time, but not necessarily at this GA, advance its own views on how consolidation and coordination might take place and on what basis.

ACHESON

² *Ante*, p. 85.

³ *Ante*, p. 86.

10 Files : US/A/M(Chr)/176

Minutes of the 41st Meeting of the United States Delegation to the General Assembly, New York, November 16, 1950, 9:15 a. m.

[Extract]

SECRET

[Here follow a list of those present (46) and discussion of the possible establishment of an International Criminal Court.]

2. *Possible consolidation of Atomic Energy Commission and Commission for Conventional Armaments* (Deptel 471, November 3).

Mr. Nash explained that discussion of this item was attributable to the President's speech to the Assembly on United Nations Day, October 24, in which the possibility of establishing a new commission to carry forward the work of the Atomic Energy Commission and the Commission for Conventional Armaments was suggested. He noted that up until the time of the President's address, there was no item on the agenda regarding conventional armaments, although atomic energy had been scheduled for debate directly in plenary session and was expected to come up some time early in December. That was one place where the President's suggestion, if it came up at all, would arise. There were two other places where it might possibly be mentioned. The first was in connection with the Lie Twenty Year Peace Plan, and the second was in connection with the "Peace Through Deeds" resolution, in which there were provisions relating to disarmament.¹

Mr. Nash explained that suggestions for a single commission had several motivations. One of the primary motives was the desire of the President to bring out in sharp focus the fact that the present armaments program was no choice of our own, but a program we were compelled to adopt because the preferable course of universal disarmament under effective international control had not been followed. The speech had made it clear that we preferred disarmament. This was a psychological motive behind the President's remarks. It was also thought that it might be possible to make some progress in the disarmament field with the new light the establishment of a single commission might bring to the problem. Another motive was to emphasize that the field of disarmament was a single unit and could not be dealt with piecemeal.

Referring to the history of the two commissions, Mr. Nash recalled that the Atomic Energy Commission was established in January, 1946, while the Commission for Conventional Armaments was not set up until February, 1947. It was our position that the best progress in the initial stages was to be made through separate consideration of the two fields, because the atomic energy problems, in particular, were so unique that there would have been no progress at all were both fields to have been considered together. Mr. Nash believed that the wisdom of this course was illustrated by the fact that a workable plan for the control of atomic energy had been developed. At the same time we had always recognized that the two fields were intimately

¹ For documentation on the Lie Peace Plan and the "Peace Through Deeds" Resolution, see vol. II, pp. 371 ff.

interrelated. For example, there was some worry that if we had a plan for the control of atomic energy approved by the General Assembly, we would have then had to come up quickly with a plan for the control of conventional armaments before we could surrender our atomic weapons.

Mr. Nash indicated that at the last General Assembly, we had started to lay the groundwork for the statement in the President's speech by indicating that the time was coming when the two fields had to be brought together and integrated into one overall plan, even though different systems of control would be required. Since that time, the Commission on Conventional Armaments had made progress, and we were now prepared to say that a system of safeguards could be worked out so that we could carry forward on the disarmament plan. It had therefore been concluded that the time was ripe to suggest the appropriateness of bringing the two commissions together, and the President had made the suggestion in his speech. This statement recognized the fact that disarmament is a unit, that it must be universal, and that it must be surrounded by adequate safeguards. The President advanced his idea simply as a suggestion but did not make a specific proposal in order to see what the consensus among other members of the United Nations would be. His suggestion had aroused some interest. Australia had actually gone so far as to prepare a resolution. However, we had discouraged them from submitting it at once on the grounds that it was better to get general views first. Syria, India, Canada, Belgium, France and South Africa had expressed real interest in the suggestion, while the British and Norwegians had had rather a negative reaction. Our present position was more to seek the views of other members on our idea than anything more concrete. We did not now intend to submit a specific proposal in this Assembly.

Mr. Nash noted that the President's suggestion had given rise to some confusion, including the question whether a change in United States atomic energy policy was involved. In illustration of this fact, he referred to a conversation which he had had with a Belgian delegate. This individual had asked him whether we were coming to the view that inspection alone was sufficient for atomic energy control. Mr. Nash said that he had replied in the negative, that the suggestion did not indicate any change in our position that the best plan was the plan already approved by the United Nations. The Belgian had also asked whether the President's suggestion indicated an intention on our part to propose a swap between the two fields. He had responded that that was hardly possible. In the third place, the Belgian had inquired whether we regarded the distinction between the

two fields as entirely artificial. He had informed him that the proposal had no such significance and that we still believed it was important to maintain a distinction. Mr. Nash noted that there had been some fuzziness in this respect, particularly as regards the question of just what was a weapon of mass destruction. The distinction which needed to be kept in mind and to be discussed was the difference between atomic energy as an instrument of warfare and conventional armaments, restating the necessity for two different systems of control. He believed there would have to be subcommissions to discuss the separate problems involved in each field.

Mr. Nash observed that the political situation seemed no better as regards the possibility of general consideration of disarmament. In this connection he referred to the language in the third item of the Lie Twenty Year Peace Plan which stated the present situation as well as could be done at the present time. This had indicated that any progress at all would help to reduce the cold war tensions and adjust disputes. He observed that there were such enormous technical problems involved that it would take a long time to work out a system of controls, but there was no reason why progress could not be made on a plan as a sort of mental exercise. It might just help a little to relieve tensions to discuss this matter.

Mr. Nash explained that the problem before the Delegation was not one of action, but rather to ascertain the feelings of other members of the Assembly so that when the item was discussed, we could determine what, if anything, should be done at this session. The purpose of his comments had been to ask everybody on the delegation who should pick up any information on this subject, to pass it on so that a proper course of action could be formulated.

Ambassador Austin referred to the approval of the resolution entitled "Peace Through Deeds." The second paragraph of that resolution, which he read, stated our policies in this field. He observed that in voting, members had wanted to vote separately on paragraph (a), but he had successfully managed to avoid such separate votes. As it turned out, except for the Soviet bloc, all of the members of the United Nations had voted with us on this expression of United Nations principles in this field. Mr. Nash said the same point might be raised in the plenary again, since the question had been asked whether paragraph 2(b) was consistent with the President's speech. The answer to that was that it was perfectly consistent since nothing in the speech indicated a walking-away from the present plan. Ambassador Austin agreed. He noted that this was psychological warfare to meet the Stockholm Peace Petition. Here again, what we did was subservient to the Korean situation, where we should do nothing to

weaken our overall political position. Therefore, it had been determined appropriate to reaffirm the declaration of the last General Assembly.

Ambassador Austin inquired whether there was any objection to continued liaison with other delegations on this matter. There was no objection to this policy.

[Here follows consideration of other subjects.]

IO Files: US/A/2897

Memorandum of Conversations, by the Deputy United States Representative to the Commission for Conventional Armaments (Nash)

CONFIDENTIAL

[NEW YORK,] November 21, 1950.

Subject: President's Suggestion Re Consolidation of AEC and CCA

Participants: Mr. Frank Nash—Conversations, separately, with:

Dr. Jacques Errera,¹ Belgian Delegation

Mr. David Cole, British Delegation

Mr. J. E. Coulson,² British Delegation

Mr. Dennis Laskey, British Delegation

Conversation with Messrs. Coulson and Laskey held jointly.

Ambassador Fawzi Bey,³ Egyptian Delegation

Dr. Jose Correa,⁴ Ecuadoran Delegation

Mr. Francis Lacoste,⁵ French Delegation

Sir Keith Officer,⁶ Australian Delegation

Following is the substance of recent conversations held with representatives of several Delegations concerning the President's suggestion for the consolidation of the AEC and CCA.

Belgian Representative: Dr. Errera stated that his Delegation was very much interested in the President's suggestion and inquired whether it indicated any possible change in the views of the US con-

¹ Adviser, Permanent Belgian Delegation at the United Nations; Adviser, Belgian Delegation to the General Assembly.

² Deputy Permanent British Representative at the United Nations; Adviser, British Delegation to the General Assembly.

³ Mahmoud Fawzi Bey, Permanent Egyptian Representative at the United Nations; Member of the Egyptian Delegation to the General Assembly.

⁴ Alternate Permanent Representative of Ecuador at the United Nations; Member of the Delegation of Ecuador to the General Assembly.

⁵ Alternate Permanent French Representative at the United Nations; Adviser, French Delegation to the General Assembly.

⁶ Australian Ambassador in France; Member of the Australian Delegation to the General Assembly.

cerning the possibility of relying upon a system of inspection alone for the control of atomic energy. He referred to the interview of Mr. Gordon Dean, Chairman of the US Atomic Energy Commission, appearing in the November 3 issue of *U.S. News and World Report*, where Mr. Dean discussed briefly the effectiveness of a system of inspection in the atomic energy field. He wondered whether there was any possible connection between the President's suggestion and the substance of the Gordon Dean interview. I replied that I was not aware of any connection between the two, and that I could definitely state that there was nothing in the President's suggestion of a new commission that was to be taken as implying any change in the views of the US concerning the inadequacy of a system of mere inspection for the effective control of atomic energy. Dr. Errera stated that he was relieved to hear that there was no such implication to be derived from the President's suggestion, adding that it continued to be the view of their Government that mere inspection alone could not be accepted as an effective system for the control of atomic energy. Dr. Errera also asked whether the President's suggestion might carry the implication that the US might be going to propose some "swap" in the way of a reduction in the atomic field in exchange for a reduction in the field of conventional armaments and armed forces. I replied that I could not see how such an exchange would be feasible and that in any event, there was no such implication to be derived from the President's suggestion. Dr. Errera said that in the view of his Delegation, the suggestion for the consolidation of the two present commissions into a single new commission was a good one and would receive their support. He said he thought that such a commission could carry forward much useful work with the technical phases of the problem in both the atomic and nonatomic fields, despite the inability to reach any present solution of the major political issues involved. He asked what our views might be concerning the composition of such a commission, volunteering his own opinion that probably the simplest approach would be to carry over the representation on the atomic energy commission; that is, all members of the Security Council plus Canada when not a member of the Security Council. He added, however, that some consideration might be given to countries like Belgium having an interest in the source materials of atomic energy. I replied that our thinking had not yet become firm on the point, but that we were presently inclined to agree with his view that the best approach would be to carry over the representation of the member nations serving on the atomic energy commission.

UK Representatives: At a luncheon meeting with Messrs. Coulson and Laskey pessimism was registered, particularly by the latter, con-

cerning the possibility of any useful discussion going forward in the atomic energy field, either under the present set-up or under any organization which may be established. Mr. Coulson stated that although the problems were new to him, he felt that some useful discussions might continue to go forward in the CCA field, although he was not clear as to just what direction they would take. Both Mr. Coulson and Mr. Laskey stated that, in view of their Delegation, it would be unwise to attempt the establishment of a new Commission during the current General Assembly. Mr. Coulson added, however, that he felt some suggestion like that advanced by the Australian Delegation, concerning the appointment of a special committee to study the problem and report to the next General Assembly, might be in order. In a separate conversation with Mr. Cole, also of the UK Delegation, it was stated by him as his own personal view that the President's suggestion was an "extremely sensible one". However, Mr. Cole added that he felt some concern as to how far discussions could go ahead in CCA without encountering the very complicated problem of quotas, a problem to which he could see no present solution.

Egyptian Representative: Ambassador Fawzi Bey in a brief conversation stated that his Delegation thought the President's suggestion was a good one, representing as it did a viewpoint which the Egyptian Delegation had been maintaining for some time.

Ecuadoran Representative: Dr. Correa stated that his Delegation was "very happy" about the President's suggestion, and that he felt his Delegation would be willing to act as co-sponsor of any resolution which would be acceptable to the US in the way of implementing the President's suggestion.

French Representative: Mr. Lacoste indicated that his Delegation would be willing to go along with whatever the US thought might be in order to implement the President's suggestion. He added, however, that he thought the matter of a new organization should be very carefully worked out, particularly with respect to the terms of reference which would govern any new commission.

Australian Representative: At the outset of our conversation, Sir Keith Officer stated he was afraid that much of the momentum had been lost since the President's suggestion was advanced, and he expressed some concern whether it would still be feasible to accomplish anything substantial during the current General Assembly. I assured Sir Keith that the only point that the US Delegation had in mind in suggesting that the Australian Delegation hold in abeyance the resolution which they had at first proposed introducing a few days

after the President's speech of October 24 was to avoid having the resolution fall within the context of the Soviet "peace proposals" which were then under debate in Committee One and also to give the other member nations time to think about the suggestion for a new commission, and time to formulate their views on the matter. I told Sir Keith that the US Delegation was most anxious to see that the President's suggestion was given careful consideration during the current General Assembly and was implemented to the maximum extent consistent with the consensus. I added that if the general reaction to the President's suggestion appeared to be one of general approval, but at the same time one of reluctance to tackle the job of working out the details during the present General Assembly, then the US Delegation would strongly favor the introduction of a resolution along the lines of the Australian draft. Sir Keith said that, in view of the foregoing, he would like to "shorten up somewhat" the earlier draft resolution of his Delegation, and transmit it to his foreign office to determine whether it might be possible for the Australian Delegation to introduce it at an appropriate stage of the GA, presumably in the course of the debate of the atomic energy question, which is scheduled to take place directly in plenary session.

PM Files

Memorandum by Mr. R. Gordon Arneson¹ to the Secretary of State

TOP SECRET

[WASHINGTON,] November 27, 1950.

Subject: Views of the AEC on the Current Adequacy of the Technical Features of the United Nations Plan for the Control of Atomic Energy

During the State-Defense study which culminated in the NSC/68,² considerable attention was directed toward the possibilities of, and prerequisites for, securing effective international control of atomic energy. Chapter VIII of NSC/68 concerning International Control is appended as Tab A, the most pertinent section of which states:

"The above considerations make it clear that at least a major change in the relative power positions of the United States and the Soviet Union would have to take place before an effective system of

¹ Effective November 13, Arneson, Special Assistant to the Under Secretary of State, became Special Assistant to the Secretary of State. He continued to function as Departmental adviser on atomic energy matters.

² For NSC 68, "United States Objectives and Programs for National Security," April 14, 1950, a Report to the National Security Council by its Executive Secretary, and related documentation, see pp. 126 ff.

international control could be negotiated. The Soviet Union would have had to have moved a substantial distance down the path of accommodation and compromise before such an arrangement would be conceivable. This conclusion is supported by the Third Report of the United Nations Atomic Energy Commission to the Security Council, May 17, 1948, in which it is stated that '. . . the majority of the Commission has been unable to secure . . . their acceptance of the nature and extent of participation in the world community required of all nations in this field. . . . As a result, the Commission has been forced to recognize that agreement on effective measures for the control of atomic energy is itself dependent on cooperation in broader fields of policy.'

"In short, it is impossible to hope that an effective plan for international control can be negotiated unless and until the Kremlin design has been frustrated to a point at which a genuine and drastic change in Soviet policies has taken place."

The narrower but important question of the current technical adequacy of the UN plan was raised during this study. On April 20, 1950, a letter, over your signature, was sent to the AEC, requesting a current evaluation, without regard to political issues, of the UN plan (see Tab B).³

The AEC replied on June 26, 1950, in a letter that was obscure and hardly responsive (see Tab C).⁴ An extreme conclusion that might be drawn from it was that we should no longer support the UN plan. This letter was the subject of my memorandum to you dated August 14, 1950 (see Tab D),⁵ accompanied by a letter to the AEC for your signature, requesting further information and a more precise expression of views. This letter was signed on August 22, 1950 (see Tab E).⁶

The AEC replied to this last letter on September 20, 1950 (see Tab F)⁷ and came to the following conclusions:

"a. Effective international control of atomic energy on a current and continuing basis after the United Nations plan went into full operation would be technologically feasible.

"b. The detection of the withholding of fissionable material produced prior to the implementation of the United Nations plan would be more difficult, and the amount of fissionable material which might be withheld without detection would increase as the accumulation of fissionable material increases. This difficulty stresses the need for (1) stages of transition to full control of such a nature as to provide opportunities for obtaining assurances against the withholding of significant quantities of fissionable material and (2) strategic distri-

³ *Ante*, p. 66.

⁴ *Ante*, p. 79.

⁵ Not printed.

⁶ *Ante*, p. 82.

⁷ *Ante*, p. 94.

bution of fissionable material in such a way as to minimize the effects of possible withholding.”

Although much thinking and staff studies have been directed toward the problem of stages and strategic distribution (also called strategic balance and quotas), no specific proposals on these points have been made by the United States for reasons that are best stated in the Third Report of the UNAEC dated May 17, 1948.

“The problems which have not been elaborated in detail, i.e., organization and administration, financing, strategic balance, prohibitions, and enforcement, and the stages of transition from the present situation to one of full international control, are of a different nature. These questions do not affect the basic nature of the problem of control. Some questions, such as stages, which only concern the period of transition to full international control, will be conditional on future technological developments and the conditions of world security. The same considerations apply to the question of the strategic balance to be established in the location of nuclear materials and nuclear reactors between one part of the globe and another. Others, such as organization and administration of the agency—on which inconclusive discussions have recently taken place—and the question of the agency’s finances, depend almost entirely on the existence of prior agreement on the nature and extent of the control system. Indeed, until agreement on the basic principles of control has been reached, the elaboration of proposals to cover these remaining topics would be unrealistic and would serve no useful purpose. On the other hand, given such agreement, solutions to these problems could be worked out.”

The AEC also indicated that it might be desirable, if the opportunity arose, to tighten up certain parts of the plan by strengthening the controls over heavy water, and by naming the appropriate lighter elements as coming under the controls of the international agency, although the general language of the plan had been deliberately chosen to cover both fissionable and fusible materials.

In expressing these views, the AEC scrupulously limited itself only to the technical aspects of the problem. Quite properly, it did not make any analysis of broader political considerations, such as the political climate, the existing or prospective power relationships between the East and West, and the relationship between atomic energy control and the regulation and reduction of conventional armaments and armed forces, which have a great bearing on whether the U.S. can afford to continue its support for the UN plan. The prime political consideration which must be kept in mind, and which is stressed in NSC/68, is that acceptance of effective international control by the Soviet Union would mean a fundamental change in the character of

the Soviet system. In fact, if the Soviet Union were to change in this manner, they should be as insistent as we on the effectiveness of the control system. Should this come to pass, there would be ample opportunities for testing their good faith—and of all other nations—during:

(a) The negotiating out of the remainder of the UN plan, particularly on stages and on the distribution of atomic materials and facilities,

(b) The actual implementation of the plan, and

(c) The concurrent implementation of an effective plan for the regulation and reduction of conventional armaments and armed forces.

Conclusions

1. The United States should continue to support effective international control of atomic energy by continuing its support for the UN plan.

2. The United States should continue to emphasize its view that atomic energy control and the regulation and reduction of conventional armaments and armed forces are integral parts of the over-all problems of collective security and disarmament, and that an essential ingredient of agreement on both plans is agreement on their coordinated implementation.

In connection with this latter point, the Regulation of Armaments Committee (RAC), whose members are the Secretary of State and the Secretary of Defense, with the Chairman of the AEC a member when atomic energy control is involved, is responsible for United States policy in the general field of disarmament. It has recently been inactive because of reorganization within Defense, but it is now preparing to resume its work, with particular emphasis on the interrelationship between atomic energy control and the regulation and reduction of conventional armaments and armed forces. Mr. Hickerson is your working deputy on RAC.

This memorandum has been discussed with, and concurred in by, Mr. Matthews, Mr. Hickerson and Mr. Nitze.

R. GORDON ARNESON

IO Files: US/S/1614

*Memorandum of Conversations, by Mr. G. Hayden Raynor, Adviser,
United States Delegation to the General Assembly*

CONFIDENTIAL

[NEW YORK,] December 1, 1950.

Subject: President's Statement on Use of the Atomic Bomb¹

Participants: Various European and Commonwealth Delegations
Mr. Hayden Raynor, United States Delegation

Many European and Commonwealth delegations expressed to me yesterday great apprehension with respect to the President's statement and the hope that it didn't mean what it seemed to mean. The reaction was quite a serious one up until the time the clarifying statement was issued. This statement appeared to clear the atmosphere and I heard little about it in the latter part of the day.

In the earlier comment the most serious question was raised about that portion relating to the use of it being decided by the commander in the field, although there appeared to be great shock over the part which indicated that consideration was being given to its use. This latter feeling I believe still exists and I do not think that the clarifying statement removed the original impression which was created, although as indicated, it calmed down the atmosphere considerably.

¹Reference is to a remark by President Truman during his press conference of November 30. In the course of discussion on the Korean crisis, the following exchange occurred: "*The President*: We will take whatever steps are necessary to meet the military situation, just as we always have. [12.] *Q*. Will that include the atomic bomb? *The President*: That includes every weapon that we have. *Q*. Mr. President, you said 'every weapon that we have.' Does that mean that there is active consideration of the use of the atomic bomb? *The President*: There has always been active consideration of its use. I don't want to see it used. It is a terrible weapon, and it should not be used on innocent men, women, and children who have nothing whatever to do with this military aggression. That happens when it is used."

Later the same day the White House issued the following press release: "The President wants to make it certain that there is no misinterpretation of his answers to questions at his press conference today about the use of the atom bomb. Naturally, there has been consideration of this subject since the outbreak of the hostilities in Korea, just as there is consideration of the use of all military weapons whenever our forces are in combat.

"Consideration of the use of any weapon is always implicit in the very possession of that weapon.

"However, it should be emphasized, that, by law, only the President can authorize the use of the atom bomb, and no such authorization has been given. If and when such authorization should be given, the military commander in the field would have charge of the tactical delivery of the weapon.

"In brief, the replies to the questions at today's press conference do not represent any change in this situation."

For the complete text of the press conference of November 30, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, pp. 724-728. For additional documentation relating to the President's statement, see vol. VII, pp. 1237 ff.

IO Files: US/S/1616

*Memorandum of Conversation, by Mrs. Franklin D. Roosevelt,
Member of the United States Delegation to the General Assembly*

RESTRICTED

[NEW YORK,] December 1, 1950.

Subject: Possible Use of the Atomic Bomb in Korea

Participants: Dr. Jamil M. Baroody,¹ Delegation of Saudi Arabia
Mrs. Franklin D. Roosevelt, United States Delegation

After the meeting of the Third Committee² this morning, Dr. Baroody spoke to me with deep emotion about the President's announcement of yesterday concerning the possible use of the atomic bomb in Korea. Dr. Baroody said that this matter had been discussed at great length among representatives of all the "little countries" and that he would be grateful if I would transmit their views to the President.

Dr. Baroody said that the delegations representing the Near East and Asia were profoundly distressed and disturbed over the President's announcement that he was considering the possibility of using the atomic bomb against the Chinese Communists. The word "possibility" would disappear by the time the announcement reached Asia, and people would hear only that the United States intended to use the atomic bomb against the Chinese Communists. The people of the whole Asiatic continent would never understand why the American people had decided to use the atomic bomb against them. They would regard it as an action of the white race against the colored races. They would never forget that the atomic bomb was used first against the Japanese and later against the Chinese, but never against any white peoples. This fact would have a disastrous effect upon the relations of the United States with the rest of the world for years to come. He said that everything possible should be done to prevent such a disaster.

I replied that I quite agreed that the atomic bomb was a terrible weapon but that I had to point out that other weapons were also terrible in their effect; indeed, war itself was a terrible thing. Whether the atomic bomb should be used in Korea would have to be decided entirely in terms of the military situation at a particular time; that would be true of any kind of weapon. I added that I hoped that it would not be necessary to use the atomic bomb in Korea.

¹ Member of the Permanent Saudi Arabian Delegation at the United Nations; Alternate Member of the Saudi Arabian Delegation to the General Assembly.

² The committee of the General Assembly dealing with social, humanitarian, and cultural issues.

IO Files : US/A/3033

*Memorandum of Conversation, by Mr. Ward P. Allen,¹ Adviser,
United States Delegation to the General Assembly*

CONFIDENTIAL

[NEW YORK,] December 6, 1950.

Subject: GA Action re Merger of CCA and AEC

Participants: Sir Keith Officer, Australian Delegation

Mr. K. C. O. Shann,² Australian Delegation

M. Francis Lacoste, French Delegation

Mr. Peter Hope, United Kingdom Delegation

Mr. Frank Nash, United States Delegation

Mr. Ward P. Allen, United States Delegation

We advised SIR KEITH OFFICER that the US finds satisfactory the draft of resolution, based on the Australian draft, previously discussed under which the GA would establish a Committee to consider and report to the next session on coordination of the work of the AEC and CCA and on the advisability of merging their functions.³ Sir Keith had recommended this favorably to his Government and, although he had not received definite word, proceeded on the assumption that he would be authorized to submit the resolution as principal sponsor in connection with plenary consideration of the atomic energy item.

After discussion, it was tentatively agreed that the Committee to be set up might be composed of the eleven members of the SC (as of January 1, 1951) plus Canada as a member of the AEC and Australia as prime mover of the resolution. It was also agreed that the sponsors of the resolution should be sought from among the same group. Sir Keith plans to discuss the matter with the Canadians, we to continue preliminary discussions with the UK and with France. Depending on Australian instructions and definite reactions from UK and France, the others of the group (except USSR and China) can then be approached.

We agreed that the time was out of joint for any more definitive action by this Assembly and that this modest proposal, if presented, would be done without fireworks or fanfare.

M. LACOSTE, in response to our questions as to whether this GA should take any action on the President's suggestion, viewed with

¹ Special Assistant on United Nations Affairs, Office of European Regional Affairs, Department of State.

² First Secretary, Permanent Australian Delegation to the United Nations; Adviser, Australian Delegation to the General Assembly.

³ For the text of the resolution as submitted to the General Assembly on December 12 and approved the following day, see p. 124.

sympathy the idea of some resolution along the lines of the Australian proposal. He recognized that some such action would be a good counter to the possible introduction by the USSR or some other delegation of an unacceptable proposal based on the President's suggestion. He stated that he will discuss the matter within his Delegation, seek instructions from the Foreign Office and advise us by the end of the week.

Mr. HOPE seemed less unwilling to have the GA take action along the lines of the Australian proposal than he had previously indicated to Mr. Raynor and gave the impression that the UK would not be seriously averse to such action provided it is not presented as a great forward step, or as presaging abandonment of the plans and work done to date. He has discussed the matter with Messrs. Coulson and Laskey of his Delegation who will discuss it further with us.

IO Files: US/A/3045

Memorandum of Conversation, by Mr. Ward P. Allen, Adviser, United States Delegation to the General Assembly

CONFIDENTIAL

[NEW YORK,] December 7, 1950.

Subject: General Assembly Action on Possible Merger of Commission for Conventional Armaments and Atomic Energy Commission

Participants: Mr. Peter Hope—United Kingdom Delegation
Mr. J. E. Coulson, United Kingdom Delegation
Mr. Denis S. Laskey, United Kingdom Delegation
Mr. John W. Holmes,¹ Canadian Delegation
Mr. K. C. O. Shann, Australian Delegation
Mr. Frank Nash, United States Delegation
Mr. Ward P. Allen, United States Delegation

At a luncheon conversation with the above-mentioned representatives, it was generally agreed to proceed with the introduction of a resolution in the Plenary debate on atomic energy, along the lines of the Australian draft previously discussed, establishing a committee of the members of the SC (as of January 1951) plus Canada and Australia, to report to the next session on the coordination of the work of the AEC and CCA and the advisability of merging them. Although the UK representatives stated they would have to consult their Government on the text, Mr. Coulson expressed confidence that they would receive authorization to co-sponsor. This marks a shift from

¹ Alternate Canadian Representative to the United Nations Atomic Energy Commission; Adviser, Canadian Delegation to the General Assembly.

the initial British view that action on this matter by the present GA would be unwise.

Mr. Holmes (Canada) indicated some concern that by merely establishing a Commission to report to the Sixth GA, we would open ourselves to the charge of postponing for a whole year any possibility of progress or continuance of the work of the two Commissions. Although it was generally recognized that any real hope of progress in these bodies now was highly unrealistic, it was agreed that a provision should be inserted in the resolution that this study by the new Committee should be without prejudice to the continuance of the work of the AEC and the CCA under their present terms of reference.

Mr. Coulson thought it important to avoid any implication in the resolution that we were abandoning or scrapping any of the substantive plans for atomic energy control or to provide the USSR with any ground to claim that previous work should be scrapped. To meet this point more fully, it was agreed to include a preambulatory paragraph which would recall specifically the AEC plan as approved by the GA as well as the planning work of the CCA, and it would then express the desire of the GA that this work be carried forward.

The Canadian and UK representatives likewise agreed with the idea that, although Australia would act as the prime mover of the resolution, all AEC members (except the USSR and China) should be invited to co-sponsor.

WARD P. ALLEN

IO Files: US/A/M(Chr)/186

Minutes of the Fifty-first Meeting of the United States Delegation to the General Assembly, New York, December 12, 1950, 9:15 a. m.

[Extract]

SECRET

[Here follow a list of those present (44) and a review by David H. Popper, Delegation Adviser, of work remaining before the General Assembly.]

1. *International control of atomic energy* (Delga 391).¹

¹ Delga 391 from New York, December 8, not printed, contained the text of the draft resolution to be introduced by Australia, the United States, and others. The draft transmitted in Delga 391 was virtually identical with that adopted by the General Assembly (p. 124), with the exception of the last paragraph which read: "[The General Assembly] Decides to establish a committee of Australia, Brazil, UK, China, USSR, France, US, Canada, Netherlands, Turkey, Ecuador, India, Yugoslavia to consider and report to the next regular session of the GA on ways and means whereby the work of the AEC and CCA may be coordinated, and upon the advisability of their functions being merged and placed under a new and consolidated disarmament commission." (320/12-850)

Mr. Nash recalled his previous discussion in the Delegation meeting regarding the motivation of the President's suggestion for consolidation of the Atomic Energy Commission and the Commission on Conventional Armaments. At that time he had pointed out that the suggestion was in part to test the climate of opinion in the General Assembly and to determine how far members might wish to go in the current session with respect to the consolidation proposal. He reported that after four weeks of testing, it appeared to be impossible to have substantive discussion regarding the possibility of merging the two commissions at this session.

Turning to the draft resolution prepared by Australia (Delga 391), he pointed out that it provided for a committee to study ways and means of bringing the two commissions closer together, even going so far as complete merger. The proposed special committee would be composed of the members of the Security Council plus Canada: co-sponsors for the Australian resolution were drawn from that group. Mr. Nash reviewed the terms of the resolution. After general hortatory preambular provisions, the resolution recognized the inability, to date, to achieve agreement among nations on the elimination of atomic weapons under a system of effective international control and the regulation of other armaments and armed forces and recalled that a plan had been developed in the Atomic Energy Commission, and approved by the Assembly, for the international control of atomic energy, and that much useful planning work had been accomplished in the Commission for Conventional Armaments. Mr. Nash pointed out that this latter provision made clear that it was not intended by this resolution in any way to junk or discredit the work of the past of both commissions. The operative provision of the resolution, as he already noted, provided for the establishment of a committee of 12 to consist of the representatives of the Security Council as of January 1, 1951, together with Canada. He explained that at first it had been expected that Australia would be included, but it had withdrawn because of the fact that its membership would open wide the possibility of including a number of other states on the special committee. Mr. Nash personally felt this limited membership was preferable.

With respect to the plans for discussion in plenary, Mr. Nash explained that Australia would be the first speaker, while the United States was inscribed to be second. We hoped this would get the discussion off on a key which we hoped could be maintained during the entire discussion. The aim was to avoid intensive substantive consideration of atomic energy. If we could get the free nations to rally around this particular resolution, Mr. Nash believed it would set a constructive note for the future.

Mr. Allen noted that other countries, now members of the Security Council, had been approached with respect to sponsoring this resolution. Brazil was without instructions; Yugoslavia had declined, and India was too much occupied with its negotiations with respect to Chinese Communist aggression in Korea to accept. He also reported that he understood the Soviets were extremely annoyed with the Secretariat for not having placed the item on control of atomic energy before the plenary at an earlier date. In answer to a question from Ambassador Austin regarding our negotiations with other countries, Mr. Nash explained that as the primary sponsor of the resolution, Australia had taken on the responsibility for obtaining co-sponsors. The only states not approached directly were China and the Soviet Union. However, he had privately undertaken to speak to the Chinese representative who was agreeable and understood why he was not being asked to co-sponsor the proposal. He noted that the membership of the special committee was not in terms of particular countries, but in terms of the membership of the Security Council. For this reason, no attempt had been made to ask whether a particular country was willing to serve. Ambassador Austin inquired how many countries had seen the draft resolution. Mr. Nash replied that all but the Soviets had been shown the resolution earlier, and that now that it had been tabled, he assumed that all members were aware of its contents.

Senator Cooper, while he thought the plan in the resolution was logical, believed the question might very well be asked as to what there was about the plan that promised any improvement over the present impasse. He wondered if the resolution were just a paper draft or actually offered hope for improvement in the present situation. It seemed to him the Soviets were likely to take this item as an opportunity to launch another propaganda attack based on various recent statements in this country regarding the use of the atomic bomb.

Mr. Nash explained that the United States would try to make it as clear as possible that this proposal was not offered as a solution to the impasse and would pick up the tenor of the President's speech that the only hope for a solution was a fundamental change in Soviet opinion. This draft was offered as a fresh approach and with a view to going ahead with a discussion of some of the technical aspects of the problem against the day when the present difficult political situation might be resolved. In other words, this was a procedural step which at least would keep the door open. As to the possible use of the item by the Soviets for propaganda, he believed this was a real possibility. At the same time the resolution embraced a proposal which the Soviets had been contending for for five years. If they still believed the two fields of atomic energy and conventional armaments should not be split, this might make an all-out propaganda attack embarrassing. Mr.

McKeever² asked whether it was anticipated that the Soviets would reintroduce their proposal for the elimination of the atomic weapon. Mr. Nash thought it was quite possible that they might bring in this proposal plus the old suggestion for a $\frac{1}{3}$ reduction in armaments across the board. Mr. McKeever was worried about the possible vote such a proposal might pick up in this Assembly, particularly among the Asiatic states because of their reaction to the President's brief press statement.

Senator Sparkman agreed that we ought not build false hopes on this item, but he felt that perhaps one reason we might be running second in the propaganda program was our permitting Russia so often to stand out as the great advocate of peace and of a positive program to control armaments. He thought that we missed an opportunity if we did not emphasize as strongly as we could our own desire to see worked out a practical program for the reduction and control of conventional armaments and weapons of mass destruction. Mr. Nash replied that in our speech on the point of recalling the work of the Atomic Energy Commission, we would review the plan which the United Nations had approved and, at the same time, point out the speciousness of the Russian plan. This would cover both a constructive side and a rebuttal note. In other words, we did have something concrete to offer in this instance.

Senator Cooper remarked that he also thought the ideas expressed by Senator Sparkman were important to include.

Ambassador Austin inquired whether the Delegation had any objections to the proposal as explained by Mr. Nash as the policy of the Delegation. There were no objections, and he announced it to be the unanimous agreement of the Delegation to proceed along the lines described.

[Here follows discussion of the location of the sixth session of the General Assembly.]

²Porter McKeever, Public Information Adviser, United States Mission at the United Nations; Information Officer, United States Delegation to the General Assembly.

Editorial Note

The General Assembly considered the question of international control of atomic energy at its 321st, 322nd, and 323rd Plenary Meetings, December 12 and 13. At the 321st Meeting, Sir Keith Officer of Australia introduced a joint draft resolution sponsored by Australia, Canada, Ecuador, France, the Netherlands, Turkey, the United Kingdom, and the United States (for text, see Resolution GA 496(V),

page 124). The measure provided for the establishment of a committee of 12 to consider the advisability of merging the functions of the Atomic Energy Commission and the Commission for Conventional Armaments under a consolidated disarmament commission. For the text of his presentation, see GA(V), *Plenary*, volume I, pages 608–609. At the same meeting, Soviet Representative Andrei Y. Vyshinsky presented a draft resolution (see telegram Delga 428, *infra*), according to which the Atomic Energy Commission would be instructed to prepare conventions prohibiting atomic weapons and providing for international control of atomic energy. For Vyshinsky's address, see GA(V), *Plenary*, volume I, pages 609–621.

Further debate on the two draft resolutions occurred at the 321st, 322nd, and 323rd Meetings. For the statement by United States Representative John Sherman Cooper on behalf of the eight-power draft, delivered at the 321st Meeting, see *ibid.*, pages 623–626, or Department of State *Bulletin*, December 25, 1950, pages 1023–1026.

At its 323rd Meeting, December 13, the General Assembly approved the eight-power joint resolution by a vote of 47 to 5 (Byelorussia, Czechoslovakia, Poland, the Ukraine, and the Soviet Union), with 3 abstentions (Yugoslavia, Indonesia, and Pakistan). The Assembly then rejected the Soviet draft by a vote of 32 to 5 with 16 abstentions. For the record of the 323rd Meeting, see GA(V), *Plenary*, volume I, pages 639–652.

320/12–1250 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

RESTRICTED

NEW YORK, December 12, 1950—11 : 59 p. m.

Delga 428. International Control of Atomic Energy. Following is provisional text of USSR draft resolution introduced in plenary today : (A/1676)¹

“*The GA :*

“*Considering* that it is essential to begin immediately the preparation of a convention on the prohibition of the atomic weapon and the control of atomic energy decides :

“1. To instruct the UN AEC to resume its work in order to take up immediately the preparation of a draft convention for the unconditional prohibition of the atomic weapon and a draft convention for

¹ Regarding consideration of this item by the General Assembly, see editorial note, *supra*.

the international control of atomic energy, with a view to both conventions being concluded and carried into effect simultaneously,

“2. To instruct the said commission to prepare the draft conventions referred to in the foregoing paragraph and submit them to the SC not later than June 1, 1951.”

AUSTIN

IO Files : A/1722

*Resolution Adopted by the General Assembly at its 323rd Plenary Meeting, New York, December 13, 1950*¹

[GA 496(V)]

INTERNATIONAL CONTROL OF ATOMIC ENERGY

The General Assembly,

Recognizing that the effective regulation and reduction of national armaments would substantially diminish the present danger of war, relieve the heavy economic burden placed upon the peoples of the world in the absence of a system of armaments control, and permit the greater use of man's resources to projects devoted to his betterment,

Recognizing that the regulation and reduction of armaments to be effective must cover weapons of all kinds, must be based on unanimous agreement, and so must include every nation having substantial armaments and armed forces,

Recognizing further that any plan for the regulation and reduction of armaments and armed forces must be based upon safeguards that will secure the compliance of all nations,

Recognizing the inability to date to achieve agreement among nations on the elimination of atomic weapons under a system of effective international control of atomic energy and on the regulation and reduction of other armaments and armed forces,

Recalling that a plan has been developed in the United Nations Atomic Energy Commission, and approved by the General Assembly, for the international control of atomic energy, which would make effective the prohibition of atomic weapons; and that much useful planning work has been accomplished in the Commission for Conventional Armaments,

Desiring, however, to carry this work forward toward a comprehensive system of armaments control,

¹ Regarding the action by the General Assembly which culminated in the adoption of this resolution, see editorial note, p. 122.

Decides to establish a committee of twelve, consisting of representatives of the members of the Security Council as of 1 January 1951, together with Canada, to consider and report to the next regular session of the General Assembly on ways and means whereby the work of the Atomic Energy Commission and the Commission for Conventional Armaments may be co-ordinated and on the advisability of their functions being merged and placed under a new and consolidated disarmament commission.

UNITED STATES NATIONAL SECURITY POLICY: ESTIMATES OF THREATS TO THE NATIONAL SECURITY; THE EXTENSION OF MILITARY ASSISTANCE TO FOREIGN NATIONS; THE PREPARATION OF NSC 68, "UNITED STATES OBJECTIVES AND PROGRAMS FOR NATIONAL SECURITY"¹

Editorial Note

A substantial portion of the documentation printed in the *Foreign Relations* series for 1950 concerns subjects of relevance to the national security. Documentation in the present compilation pertains to the formulation of high level, general policy. This material should be considered in connection with papers on specific issues and areas found elsewhere in the *Foreign Relations* volumes for 1950. The compilations noted below are of special interest with respect to the more general material printed here.

For documentation on United States policy at the United Nations with respect to the regulation of armaments and collective security, see pages 1 ff. Regarding foreign policy aspects of United States development of atomic energy, see pages 493 ff. For documentation on defense of the Western Hemisphere, see pages 599 ff. For documentation on the Korean conflict, see volume VII. For documentation on the North Atlantic Treaty Organization and United States economic and military aid to Europe, see volume III, pp. 1 ff. Additional documentation on the Soviet Union and national security is scheduled for publication in volume IV. Compilations on East-West trade, the United States response to the Soviet "Peace Offensive," and general problems in relations between the United States and Eastern Europe are also scheduled for publication *ibid.* For documentation on general United States policy respecting the East Asian-Pacific area, see volume VI, pages 1 ff.

To locate documentation on United States policy regarding military assistance to individual nations or areas, see the indexes of volumes I, II, III, V, VI, and VII. Material on United States policy with respect to bases and military air transit rights in specific areas of the world may be found by consulting the indexes of volumes I, III, V, and VI.

¹ For previous documentation, see *Foreign Relations*, 1949, vol. I, pp. 249 ff.

611.00/1-650

*Memorandum by the Counselor (Kennan) to the Secretary of State*¹

CONFIDENTIAL

[WASHINGTON,] January 6, 1950.

MR. SECRETARY: Since we assume that you will wish to make your presentation to the Congressional committees² in your own words, we are submitting the following in abbreviated form, as an outline from which you might speak.

We have pruned it ruthlessly, on account of the limitation on the time which will be available to us.

I. GENERAL

Our foreign policy program falls into two parts:

1. Conflict with Russian Communism;
2. Improving climate of international life in free world.

This last is matter of finding suitable bases for living together and cooperation between our own country, with its overwhelming economic power and its own peculiar traditions and psychology, and large number of weaker countries in various stages of change and readjustment.

The two problems inter-related—but latter is basic. We cannot avoid it; and must not let “cold war” blind us to its necessities.

II. CONFLICT WITH RUSSIAN COMMUNISM

1. SOVIET PROBLEMS

Last few months have seen important developments in relations within communist world.

Tito³ affair continues to constitute major problem for Kremlin.⁴ Soviet effort to unseat Tito by internal subversion thus far quite unsuccessful. Come spring, Kremlin will have to decide whether to use military means or let Tito continue to disrupt unity and discipline of communist world. Probably won't use military means. In any case, we will face that problem when we come to it.

¹ Marginal notations by the Secretary of State, each consisting merely of a summary key word or two, appear beside certain paragraphs in the source text.

² Secretary Acheson discussed the world situation in executive sessions of the Senate Foreign Relations Committee on January 10 and 13, 1950. For the record of those meetings, see *Reviews of the World Situation, 1949-1950: Hearings Held in Executive Session Before the Committee on Foreign Relations, United States Senate* (81st Cong., 1st and 2nd sessions), Committee on Foreign Relations Historical Series (Washington, Government Printing Office, 1974), pp. 105-200.

Secretary Acheson also appeared in executive session before the House Foreign Affairs Committee on January 11.

³ Josip Broz Tito, Marshal of Yugoslavia; Prime Minister and Minister of Defense of Yugoslavia.

⁴ Documentation on the attitude of the United States toward the Yugoslav-Communist conflict and on the extension of military and economic aid to Yugoslavia is scheduled for publication in volume IV.

Meanwhile, most recent indications are that Soviet attention is shifting to Germany and China, with reduced hopes for accomplishments of western European parties. If this is true, it would indicate no Soviet intention of attacking in west at this juncture; and indeed there are no indications that Soviet leaders are intending to resort to war at this stage to achieve objectives. We can never be sure about these things; but that is the way things look at the moment.

2. OUR ACTION TO OPPOSE RUSSIAN COMMUNIST EXPANSION

A. *Europe*

(1) *ERP*⁵

We are continuing to shore up spirits and confidence of western Europeans, where we can. By and large we are being successful. It is important in this respect that reduction in ERP aid, which we have always felt should occur in third and fourth years and which we continue to favor, not be carried out too abruptly or thoughtlessly and thus play into communist hands.

(2) *Military Aid Program*

Military aid program of great importance in this respect. Administrative arrangements virtually completed. Bilateral agreements all practically complete except with U.K., where we hope a few more days will do the trick. Integrated defense concept has been prepared and accepted by North Atlantic Council, and is now before President. If approved, we will be set to proceed with program, as envisaged in Act. We will of course have to come before the Congress with proposals for the continuation of this program during following fiscal year.

(3) *Germany*⁶

Obvious concentration of Kremlin on its political program in Germany highlights continued importance of that country in "cold war". Our policy continues to be one of most rapid possible progress toward

- (a) Stable government,
- (b) Hopeful spirit of people in western Germany, and
- (c) Integration of western Germany into western Europe.

Progress has been made recently through establishment of federal republic and by clarification of complicated and difficult reparations and dismantling problem.

Political sentiment in Germany remains by and large thoroughly anti-communist and anti-Soviet. New government has become rela-

⁵ For documentation on the European Recovery Program and the interest of the United States in the economic recovery of Western Europe, see vol. III, pp. 611 ff.

⁶ Documentation on United States policy with respect to Germany is scheduled for publication in volume IV.

tively well established as legitimate political authority. There is plenty of political extremism but not as much as we had feared. In particular, refugees have shown greater moderation than we were entitled to expect from them in their desperate situation.

But we must avoid over-confidence with respect to Germany. Its economic and population problems are bitter. Eastern German republic constitutes dangerous and unscrupulous competition to healthy western Germany. We should not underrate persistence and resourcefulness of Russians and their helpers in eastern Germany. We must remember that German people are still politically immature and lacking in any realistic understanding of themselves and their past mistakes.

(4) *Austria*⁷

We have gone very far and made many compromises to get an Austrian treaty. It looks now as though Russians had no serious intentions of concluding such a treaty in present circumstances. We began negotiations in London, Jan. 9, where we hope to find out definitely whether they want a treaty or don't want it.

Austrians are impatient, to a serious degree, with foreign occupation, and many would prefer to risk attempt at "neutralized status" if foreign troops could be gotten out.

We must continue to handle this situation tactfully and to give Austrians all due support in their difficult situation. Austria is a key country politically in Central Europe.

B. *Far East*

In Far East, we have a complicated problem with respect to the expansion of Russian Communism. Great dangers in over-simplified and impulsive approaches.

By and large, problem is this. Most peoples of area dangerously vulnerable to communist penetration by virtue of

- (1) Political immaturity
- (2) General present state of flux and instability
- (3) Stubborn misconceptions about western nations, including ourselves, arising out of past experiences with colonialism and imperialism.

Remember, Russians haven't attacked anyone militarily since V-J Day. Their successes, such as they have been, have been primarily in minds of men. True, their communist stooges have used force; but they first had to be convinced themselves.

No automatic means of "stopping communism" on our part, particularly where it is primarily a matter of men's minds.

⁷ Documentation on United States policy with respect to Austria is scheduled for publication in volume IV.

Military occupation or direct military action not always fool-proof remedy, and not even seriously advocated for most of Asia—even by strongest critics of our policy.

Economic and military aid effective only where such aid is major missing component of successful resistance. Where other important components also missing, aid is not only no use, but often directly strengthening to forces hostile to us.

Psychological approach important and should be further developed—but we are just beginning and will have to learn much more than we now know about how to talk to people with quite different needs, traditions, motives and terms of reference. More about this later.

Result—we choose our methods according to requirements of situation. In some instances course of events has been favorable, though usually only in small part as result of things *we* have done. In other instances, unfavorable.

*Indonesia*⁸

In Indonesia our diplomacy has achieved success of great importance, for which our people have not yet received due credit.

*Japan*⁹

In Japan, too, we must continue to give credit to our occupational authorities for occupation which is by and large politically successful. We recognize need of Japanese people for early resumption of full responsibility for conduct of own affairs and would like to move ahead rapidly to peace treaty. Will do so as soon as we can find acceptable means of assuring for Japs in post-treaty period that same security against outside pressures and intimidation which is now provided by presence of U.S. forces.

As for remainder of area still not under communist control, situation is spotty.

Korea

South Korea has come along surprisingly well and shows signs of being able to hold its own with our help. That is why we have recommended continued U.S. aid.

*Indo-China*¹⁰

In Indo-China, French are now proceeding to give semi-independence to that portion of native movement which acknowledges author-

⁸ For documentation on United States relations with the Republic of Indonesia, see vol. VI, pp. 964 ff.

⁹ For documentation on the occupation and control of Japan and on United States initiatives toward the conclusion of a peace treaty with Japan, see *ibid.*, pp. 1109 ff.

¹⁰ For documentation on United States policy with respect to Indochina, see *ibid.*, pp. 690 ff.

ity of Bao-Dai;¹¹ but it may well prove too little and too late. We are limited here by common loyalty to old and honored ally. It is no solution to say we should now put greater pressure on French Government. They have delicate parliamentary problem; and heavy pressure from us now would only get their backs up and cause bad feeling within Atlantic group. There are as yet no indications that Chinese communist forces intend any serious military incursion into Indo-China.

Burma

Burma is in highly unstable state, and anything might happen there. For us to try to intervene would get everybody stirred up against us and would be sheer madness. Perhaps they will continue to muddle through; perhaps not. Burma is typical example of country where U.S. aid and effort has very little to tie into.

*The Philippines*¹²

In the Philippines we have situation which should engage our most serious attention. Reflections of immaturity and lack of political experience were to be expected during the initial period of independence. However, recent months have witnessed political and economic deterioration on a scale so serious as to raise question whether republic can cope successfully with responsibilities of independence without extensive outside guidance. Responsibility now lies on Filipinos. They will have to make suggestions. We will not force U.S. guidance on them. But we must be sure present instability does not create too favorable opportunities for communist penetration. We could not remain indifferent to such development.

Southeast Asian Collaboration

No chance of any effective Southeast Asia federation. No agreement as to who should be leader. Others don't want India. India doesn't want any other. British Commonwealth, after all its vicissitudes, stands out today as most hopeful international rallying point of resistance to communism in Southeast Asia. Granting of freedom to India and Burma has removed former stigma of imperialism. Commonwealth now embraces native peoples. We should support it: we have nothing to lose.

General

In general, we will continue to do what we can where we can, to help people who are seriously trying to help themselves. In this, we

¹¹ Chief of State of Vietnam.

¹² For documentation on the political and economic relations of the United States and the Republic of the Philippines, see vol. VI, pp. 1399 ff.

will use all means available: including Point IV,¹³ informational activities, diplomatic support, etc.

Possibly, further areas of Asia may fall into communist hands. Again, perhaps they won't. No one in this country could guarantee anything. If they should so fall, this would be serious blow to stability of area and to immediate prospects of peoples immediately concerned. It would constitute definite deterioration of world situation. But it would not necessarily be fatal or irreparable, from our standpoint, and no cause either for despair or lack of self-confidence on our part. World realities have greater tolerances than we commonly suppose against ambitious schemes for world dominion. Attempt to maintain rule over vast areas and populations of Asia would be no easy thing for Russians and would probably eventually involve them beyond their own depth.

Situation in China ¹⁴ still unclear in this respect. Still is no assurance that communist rule in that country and Chinese-Soviet relations will not both be stabilized for years to come along lines unfavorable to us. But Chinese communist leaders are now beginning to come up against real difficulties, both in domestic problems and in arranging their relations to Kremlin in manner acceptable to elements among their followers whose continued support is essential to them. It would be wrong to jump to any foregone conclusions about outcome of contradictions in which Chinese communists have now involved themselves through their precipitate assumption of full responsibility in an area plagued with staggering social problems and dilemmas.

We have, of course, immediate problem of recognition. This is less important than one would think from press furor. Really important developments in China will not be much affected by whether we recognize or don't recognize; nor is there any compelling need for uniformity in timing, as among western powers. Everyone has his own particular problems. We will be guided by sum total of pertinent factors, including state of our public opinion, results of congressional consultations, prospects for acceptable treatment of our representatives, etc.

We will not assure any benefits to ourselves just by recognition; it will be a question of how we handle ourselves once relations exist. But we will also not gain anything by withholding recognition for sentimental reasons alone, if realistic considerations indicate desirability of maintenance of diplomatic contact.

¹³ For documentation on the Point IV program of economic and technical assistance to underdeveloped countries, see pp. 846 ff.

¹⁴ For documentation on United States policy with respect to China and Taiwan, see vol. VI, pp. 256 ff.

We are now extending to China our policy concerning trade with communist areas, which is to restrict trade in commodities of security importance but to permit other exchanges to take place. This east-west trade problem is a complicated and tricky subject. Total cessation of trade with communist world would not be in our interest or that of other non-communist countries. It is particularly desirable that countries lacking raw material sources and markets for industrial products, such as Japan, western Germany, and U.K., should not be wholly cut off from communist orbit, since we could not permanently make up resultant deficits. But we must see that trade does not give unequal advantage to communists. And we must stand by to provide alternative in emergency, so that our friends can maintain independence in their bargaining with communists.

III. NON-COMMUNIST WORLD

A. GENERAL

Hard to generalize. Embraces great variety of nations and problems. Such varied elements as:

1. Latin American countries
2. Dependent areas
3. Under-developed areas just entering into independent status
4. Old industrial areas losing their colonial empires
5. Well established small independent states in Europe
6. Older Commonwealth countries

Plainly huge variety of problems embraced in U.S. relations with these countries. Only two main generalizations can be made:

1. *Economic dollar-gap problem.*¹⁵

Self-financing of U.S. exports over nearly half a century. Logical necessity of increasing imports or restricting exports to the extent we are not prepared to continue large grants and loans. Export of investment capital only partial answer. Point IV will help, but again—only partially and through a delayed action. ITO Charter will also only have a delayed effect; but failure to ratify it now might be confusing and discouraging to our friends. Best solution in national interest—increase in imports. But *some* continued foreign aid will certainly be required, in our own interest, after present ERP program. Solution of this problem important to health of entire non-communist world.

2. *Psychological.*

U.S. has a problem in misconceptions about us which are prevalent throughout non-communist world. These partly a natural reflection of

¹⁵ For documentation on the United States commercial policy program, see pp. 681 ff.

resentment and fear of our wealth and success. Partly result of hostile propaganda. But largely result of our own failure to think through the realities of our relations to other peoples, to find correct approach of rich and powerful country to weak and insecure ones. We are only gradually becoming conscious of irrelevance of our national experience to contemporary problems of many other peoples.

B. BY AREAS

1. *Latin America*¹⁶

Problems have not shown any marked change in recent months. They are traditional problems of:

a. Finding possibilities and modalities for private American economic activity in that area which will have useful and healthy effects locally and will at the same time assure adequate return to American businessmen.

b. Finding sound U.S. official stance toward *domestic* problems L.A. countries, particularly difficulties they encountered in development of democratic institutions.

c. Handling problem of inter-American frictions, intrigues and rivalries which sometimes trouble peace of area.

In all three fields we hope we are making slow but steady progress.

Point IV and trade agreements should improve opportunities for U.S. investment. Actually, L.A. has long been proving ground for Point IV principle, and has considerable possibilities from this standpoint. But in last analysis, this must depend on creation of suitable climate for U.S. private investment. Primary responsibilities for this on L.A. governments. Some progress noted in recent past. Commercial treaty concluded with Uruguay. We hope others will follow. There is evidence of greater readiness today on part of L.A. governments themselves to cooperate financially (i.e., put up funds in local currency) in constructive development programs utilizing U.S. help.

While we continue to be confronted with occasional seizures of power in individual countries by irregular means, there seems to be increasing public consciousness of dangers involved, and most such regimes, as for example today in Peru, Venezuela and Panama, are making greater efforts than would have been case some years ago to regularize their status and seek genuine popular support.

As for international frictions, Organization of American States is beginning to function effectively. It will soon have task of smoothing down trouble which has arisen between Haiti and Dominican Republic. We have strong hopes that from now on, by this means, sense of collective responsibility among all nations of area will suffice to

¹⁶ For documentation on United States policy with respect to Latin America, see vol. II, pp. 589 ff.

handle such instances of international friction and to save us from dilemmas which in past often caused us to resort to unilateral U.S. intervention.

In both of these matters—problem of stability and liberality of domestic institutions as well as problem of inter-American relationships—firm, vigorous but tactful U.S. leadership will continue to be essential to real progress.

2. *Europe*

Main problems with European countries already covered in remarks about cold war and dollar gap problem.

*U.K.*¹⁷

British exchange position has improved somewhat since devaluation. British now have 200–300 million dollars more in kitty than they had in September, but nearly half a billion less than at beginning of ERP. Still too early, however, to state whether this recent increase represents permanent improvement or not. Presumably, as ERP gives off, they will run into further difficulties at some stage, and probably sooner than later. We are not through with this problem; and we would be foolish to think of it as problem for U.K. alone.

Continental recovery.

On continent, recovery has progressed favorably. Production now in many instances at all-time high. But we are still concerned about ability of OEEC countries to pay their own way in modern world when ERP is over. This depends not only on production but also on exchange, i.e., on international trade. They must learn to stick together as a group, to lower their costs, and to go out aggressively after foreign markets. We are trying to prod them along these lines. Hence our emphasis on European integration.

*Greece.*¹⁸

We are highly gratified by turn of events in Greece. Only few hundred guerrillas left—probably less than at any time since age of Pericles. We were helped by Tito affair; but our people also deserve credit.

*Spain.*¹⁹

As for Spain—importance of problem is exaggerated. It has been discussed far more in press than in Government. It is true: U.N. resolution has *not* proved useful in weakening Franco and establishing more democratic regime. We would be glad to see it removed from books,

¹⁷ For documentation on political and economic relations of the United States with the United Kingdom, see vol. III, pp. 1598 ff.

¹⁸ Documentation on United States policy toward Greece is scheduled for publication in volume V.

¹⁹ For documentation on United States relations with Spain, see vol. III, pp. 1549 ff.

and diplomatic relations normalized. Perhaps this will soon be possible. This will depend largely on our European allies, whose hand we don't wish to force. But this does not mean we would then rush to other extreme and shower Franco with loans or welcome him as ally. We must insist on retaining dignity and reserve of our position toward those who repudiate ideals of government we happen to believe in.

3. *Mediterranean and Near East*

Area has thus far survived surprisingly well drastic readjustments of post-hostilities period.

*Italian Colonies.*²⁰

Most of Italian colonies question has found solution in recent resolutions of U.N. Assembly. Solution not perfect, and presents some serious problems of implementation. But it is better than no settlement at all, and has at least virtue of not being vulnerable to attack as cynical great power arrangement which disregarded interests and rights of subject peoples.

*Palestine.*²¹

Initial phase of adjustment to establishment of Israel state has proceeded thus far with less violence and trouble than many had feared. This was due largely to patient and successful efforts of U.N., although decisive Israeli military superiority played important part. Difficulties are not over. Recent U.N. resolution calling for rigid internationalization of Jerusalem was mistake and is unacceptable to parties. This will complicate difficult question of future of that city.

Arabs.

Working through U.N., we have been able to do something to alleviate plight of Arab refugees, but their problem by no means solved. We are fortunate in having a program here which has the support of both Jews and Arabs. Our part in financing this program will now require Congressional consideration. Arabs remain resentful of Israeli state and of our part in its establishment. But they have been impressed by success of our policy in Greece, Turkey and Iran, and situation has not yet led to Soviet exploitation in serious degree.

*India and Pakistan.*²²

On subcontinent, future course of developments still obscure. As of today, Pakistanis seem to have better chance of coping with their problems than Indians. India is bound shortly to run into serious problems of economic backwardness, political ignorance and apathy,

²⁰ Documentation on the disposition of the former Italian colonies is scheduled for publication in volume v.

²¹ Documentation on the Arab-Zionist controversy respecting Palestine is scheduled for publication *ibid.*

²² Documentation on United States efforts to resolve the dispute between India and Pakistan over Kashmir is scheduled for publication *ibid.*

lack of trained administrative personnel, retrogressive social customs, and tenuous nature of popular support and authority of Congress Party. This last is serious on account of vainglorious promises hanging over from pre-independence period. We hope for the best. But no assurance yet of real stability.

Meanwhile, serious conflict continues to exist between India and Pakistan over Kashmir. U.N. Commission brought about cessation of fighting and agreement on temporary cease fire line, but was unable to go further. Security Council remains seized of this problem, which could still cause serious complications at any time. India and Pakistan are already conducting a trade war against each other of alarming intensity.

4. *Far East*

Again, most problems have been discussed in connection with danger of communist expansion. I expect later this week to give fuller exposition of policies we propose to follow in that area to the extent that communist problem permits us to do so. We have opportunities today both in Philippines and in Indonesia to work at development of positive and constructive relationship which might serve as useful pilot project for future relations with other underdeveloped areas in that region. This is not simple problem. Human nature is such that we can be successful only if peoples learn to respect integrity and independence of our attitude, and realize that we have the will to deny, where necessary, as well as to give. In addition to this, immaturity and corruption in domestic administration, as well as deep seated demographic and social problems still existing throughout large parts of area, place limitations on what any outsider can do to help. We must realize, therefore, that we cannot alone metamorphize life, and that our problem is identifying those areas—often modest in extent—where our help really can serve useful and constructive purpose—meanwhile preventing hopes from rising too high either among eastern peoples or here at home, and combatting the foolish and dangerous assumption that U.S. can or should take upon itself basic responsibilities which peoples of area must bear for meeting their own problems. Much time and effort will be required before we can establish relationship to those peoples devoid of illusions and sentimentalities, based on clear understanding of what each may expect, therefore no longer conducive to disappointment and acrimony.

IV. FRAMEWORK OF INTERNATIONAL ASSOCIATION

We have continued our efforts to strengthen role of U.N. in settlement of international problems.²³ I have already mentioned cases of

²³ For documentation on general United States policy with respect to the United Nations, see vol. II, pp. 1 ff.

Greece and Indonesia and Palestine, and the Italian Colonies, where U.N., with our vigorous support, has performed useful service. In addition to that, U.N. is joining in effort to work out suitable framework for extension of technical assistance to undeveloped areas, which we hope can be coordinated with our own Point IV efforts. In coming year U.N. bodies will continue to have important problems before them, and we will continue to give every support to U.N. as forum and instrumentality for transaction of international business, wherever this does not over-strain agency itself, thereby damaging its prestige and effectiveness, and wherever this can contribute to international stability. We are aware of deep interest of our people in collective association with others for treatment of international problems, and we will continue to examine carefully and with understanding various schemes for deeper and wider collective associations, both regional and universal, which interest people in our country. But we will also bear carefully in mind dangerous significance of great political division which does exist in world today and fact that no international juridical system can relieve us of our outstanding responsibility for firm and incisive leadership which we bear by virtue of our overwhelming economic, and potential military, power.

V. CONCLUSION

In cold war, we are holding our own, on balance. Tito controversy has roughly offset communist successes in China, full significance of which is not yet clear. But victory in cold war will be a meaningless concept if we do not make real progress in development of our relations with non-communist world. Here we must proceed with courage, insight and restraint demanded of us as great power and reconcile ourselves to doing many things which will be neither easy nor pleasant.

GEORGE KENNAN

103.1/1-1950

*Memorandum by the Deputy Under Secretary of State (Rusk)*¹

TOP SECRET

[WASHINGTON,] January 18, 1950.

The National Security Council has assigned the following project to its Staff: (NSC Action No. 270, January 5, 1950)

¹ This memorandum was directed to the following individuals: George W. Perkins, Assistant Secretary of State for European Affairs; W. Walton Butterworth, Assistant Secretary for Far Eastern Affairs; Edward G. Miller, Jr., Assistant Secretary for American Republic Affairs; George C. McGhee, Assistant Secretary for Near Eastern, South Asian, and African Affairs; Willard L. Thorp, Assistant Secretary for Economic Affairs; Howland H. Sargeant, Deputy Assistant Secretary for Public Affairs; W. Park Armstrong, Jr., Special Assistant for Intelligence; Henry A. Byroade, Director of the Bureau of German Affairs; James Bruce, Director of the Mutual Defense Assistance Program; John D. Hickerson, Assistant Secretary for United Nations Affairs; and R. Gordon Arneson, Special Assistant to the Under Secretary of State for atomic energy policy.

"Directed the NSC Staff, with the advice and assistance of all appropriate Executive Departments and Agencies, to prepare a report for Council consideration assessing and appraising the objectives, commitments and risks of the United States under a continuation of present conditions or in the event of war in the near future, in relation to our actual and potential military power, in the interest of national security, including any recommendations which should be made to the President in connection therewith."

A copy of the Executive Secretary's memorandum to the Council giving the background of this project is attached.²

During the preparation and upon the completion of this report the Department will have an opportunity to assure that other Departments and agencies understand better the integration and inter-relationship of our political and military policies and programs. Real progress should be made toward clarifying the basic concepts and the principal elements of our national security program both in the event of war or under a continuation of conditions similar to the present. This study should bring about not only a greater understanding on our part of the strategic thinking of the military departments, but should also enable us to have a more direct effect on their thinking. At the same time we will be able to explore carefully the broad implications of our own programs as they affect and are affected by our military policies and by our actual and potential military power. It may well be that we shall ourselves find profit in ideas and suggestions from the military and other agencies and departments.

This study will obviously call for important contributions by all of the bureaus and offices of the Department. For example, it might be worthwhile for each of the principally interested bureaus and offices to consider the feasibility of preparing, as a first step, the following material:

a. List and describe briefly the principal problems and conditions in the area of its responsibility favorably or unfavorably affecting our national security.

b. List and describe briefly the principal projects and programs, in the area of its responsibility, in effect or planned measures to attack the above problems or improve those conditions.

c. List important questions, pertinent to its area of responsibility, which might be put to the Department of Defense, to the National Security Resources Board or to any other interested department or agency during this study.

Because of the importance and scope of this problem, I would suggest that you or your deputy follow this personally.

I expect to raise this matter at the Under Secretary's meeting on Friday, January 20.

DEAN RUSK

² Of December 20, 1949; for text, see *Foreign Relations*, 1949, vol. I, p. 416.

611.61/1-2650

Memorandum by the Assistant Secretary of State for Congressional Relations (McFall) to the Under Secretary of State (Webb)

TOP SECRET

[WASHINGTON,] January 26, 1950.

Subject: Meeting with Several Senators.

In a recent meeting of the Secretary with several senior United States Senators, some disturbing opinions were expressed on the world situation and our policy with respect thereto.

One Senator stated it as his opinion that the time had now come when we could no longer subject ourselves to the hazard of the possibility of Russia having the hydrogen bomb and that because of its devastating effect, beyond all comprehension, that we must not gamble any longer with time but rather must make a *démarche* upon Russia indicating that we must consider the failure of Russia to agree to international control and inspection of instruments of mass destruction to be in itself an act of aggression which would provoke a declaration of war on our part.

Another Senator, while indorsing the above sentiments in terms of the seriousness of the situation with which we are confronted, indicated that he did not feel that he would go quite that far but, nonetheless, he believed that we must turn our thoughts to building up a much larger military establishment and that "the only possible way to insure any peace was first to prepare mightily for war." He indicated that his information was that "we could not, at best, equip thirty military divisions in Europe in less than fifteen years" and that that time, in his opinion, was too long a period to wait in terms of the military potentials that are developing.

Still another Senator expressed the view that his constituents were constantly after him with statements like "why don't we get into this thing now and get it over with before the time is too late". This Senator stated that that attitude was growing by leaps and bounds in his State and that he was compelled to take note of it. While he did not go as far either as the first-named Senator, he nonetheless felt that we must pursue every scientific means possible to prepare any kind of a weapon that might insure our preeminence in the field of military implements of warfare.

Two other senior Senators took studied exception to all of the views heretofore expressed and indicated that they felt that we had to exercise patience; to move along aggressively with economic aid in areas that might be subject to subsequent Communist penetration but they acknowledged that they were being severely pressed by their constituents to reduce government expenditures and they were frankly

worried that their political fate might be determined adversely if they pressed the subject of economic aid too far.

Needless to say, the Secretary took violent opposition to all of the observations of the first three named Senators and pleaded with them to give serious mental reflection on their attitudes and try to bring their thinking around to his own views that Russia does not want war and that all of our energies must be directed toward supplying the necessary funds to do the many things now in process of doing dedicated to winning the cold war. The Secretary was very fervent in the espousal of his views and told the Senators that if the attitudes that they had expressed should develop into policies, that as far as he was concerned he would never want to remain Secretary of State.

As the conversation closed the writer asked two of the Senators that had expressed these disturbing thoughts if they honestly believed that, even admitting for the sake of the argument that we should endeavor to espouse such a policy, that the American people would be willing to declare a war without any overt action on the part of Russia, and I was greeted with the retort that they both felt strongly that as far as their own constituency were concerned, that they would back any such move to the hilt.

JACK K. McFALL

Editorial Note

On January 26, 1950, the Joint Chiefs of Staff transmitted a memorandum to the Secretary of Defense in which they set forth "Military Objectives in Military Aid Programs." For text, see United States Department of Defense, *United States-Vietnam Relations, 1945-1967*, 12 volumes (Washington: Government Printing Office, 1971), Book 8, pages 273-275.

Policy Planning Staff Files ¹

The President to the Secretary of State

TOP SECRET

WASHINGTON, January 31, 1950.

MY DEAR MR. SECRETARY: After consideration of the report by the Special Committee of the National Security Council consisting of the Secretary of State, the Secretary of Defense, and the Chairman of the Atomic Energy Commission, designated to advise me on the problem of the development of a thermonuclear weapon,² I hereby direct the

¹ Lot 64D563, files of the Policy Planning Staff of the Department of State 1947-1953.

² For the report, January 31, and other documentation on the question of developing the hydrogen bomb, see pp. 493 ff.

Secretary of State and the Secretary of Defense to undertake a re-examination of our objectives in peace and war and of the effect of these objectives on our strategic plans, in the light of the probable fission bomb capability and possible thermonuclear bomb capability of the Soviet Union.

I have also decided to indicate publicly the intention of this Government to continue work to determine the feasibility of a thermonuclear weapon,³ and I hereby direct that no further official information be made public on it without my approval.

I am sending an identical letter to the Secretary of Defense, and a copy of both letters to the Chairman of the Atomic Energy Commission for the information of the Commission.

Sincerely yours,

HARRY TRUMAN

³ For text of the President's announcement, January 31, see footnote 1, p. 513.

Policy Planning Staff Files

Record of the Eighth Meeting (1950) of the Policy Planning Staff of the Department of State, Washington, February 2, 1950, 11 a. m. to 1 p. m.

TOP SECRET

| | | |
|----------|----------------------------|--------------------------------|
| Present: | Paul Nitze ¹ | Dorothy Fosdick ⁶ |
| | Ware Adams ² | Robert Hooker ⁷ |
| | Lampton Berry ³ | Carlton Savage ⁸ |
| | George Butler ⁴ | Harry H. Schwartz ⁹ |
| | John Davies ⁵ | |

Mr. Scammon, R ¹⁰

Mr. Schwinn, P ¹¹

Mr. Nitze said that at the Secretary's Meeting this morning ¹² his opinion had been asked as to the danger of war, and he had replied

¹ Director of the Policy Planning Staff.

² Member of the Policy Planning Staff.

³ James Lampton Berry, Member of the Policy Planning Staff.

⁴ George H. Butler, Deputy Director of the Policy Planning Staff.

⁵ John Paton Davies, Jr., Member of the Policy Planning Staff.

⁶ Member of the Policy Planning Staff.

⁷ Robert G. Hooker, Jr., Member of the Policy Planning Staff.

⁸ Member of the Policy Planning Staff.

⁹ Executive Secretary of the Policy Planning Staff.

¹⁰ Richard M. Scammon, Chief of the Division of Research for Europe.

¹¹ Walter K. Schwinn, Acting Chief, Public Affairs Policy Advisory Staff.

¹² Secretary Acheson customarily met several times a week with Under Secretary Webb, Nitze, Deputy Under Secretary Rusk, Kennan, Assistant Secretary McFall, and others to coordinate Departmental activities, exchange information, and occasionally render policy decisions. The summary of the Secretary's meeting of February 2 does not describe the discussion here mentioned by Nitze (Secretary's Daily Meetings: Lot 58D609)

that it seemed considerably greater than last fall. In general, his thesis was that it is always possible but that historical precedents may have become inaccurate as criteria by which to judge the degree of probability. In the discussion that followed several points were brought out: there are an increasing number of signs of toughness on the part of the Kremlin; the informal opinion of the Joint Chiefs now is that the Soviet Union could begin a major attack from a standing start so that the usual signs of mobilization and preparation would be lacking; there are increasing indications that some of the basic elements of Communist dogma no longer hold, i.e., that the Communist bastion has infinite time in which to achieve its purpose, that capitalist nations carry within themselves the seeds of their own destruction which require watering but not planting by the Soviet Union, that the Red Army is used only when a revolutionary atmosphere makes the situation right for the *coup de grâce*, etc.

The Planning Staff is immediately to prepare a paper analyzing the probability of a war in the immediate future, which is to be drafted in the first instance by Mr. Davies.¹³

¹³ Paper not identified.

740.5/2-850

Memorandum by the Deputy Director of the Office of British Commonwealth and Northern European Affairs (Satterthwaite) to the Deputy Assistant Secretary of State for European Affairs (Thompson)

TOP SECRET

[WASHINGTON,] February 8, 1950.

Subject: Assessment and Appraisal of U.S. Objectives, Commitments, and Risks in Relation to Military Power.

The general objectives in relation to military power in the countries of the British Commonwealth and Northern Europe are: (1) keep them strong, and (2) keep them friendly. The commitments and corresponding risks and relation of each are, of course, different.

South Africa. We have no commitments and no risks. This is largely due to geography and the fact that South Africa is not in danger of attack.

Australia¹ and New Zealand. While as yet we have no commitments in the case of Australia and New Zealand, if developments in the Far East continue to deteriorate, we undoubtedly will wish to

¹ For documentation on United States relations with Australia, see vol. VI, pp. 189 ff.

strengthen these two dominions and will then have to undertake commitments with attendant risks. The timing, of course, depends on Russia's efforts and the degree of success in Asia.

*Canada.*³ Our commitments and risks are so extensive and important that Canada in a military sense must be considered as if it were an integral part of the United States. It is as important to our security to protect Canada as it is to protect California. Canada is the most logical avenue for a large scale attack on the United States. Even if it were not for the commitments in the Atlantic Pact and the extension of the Monroe Doctrine to Canada, it would be necessary to protect Canada instantly from any threat.

United Kingdom. The British are our strongest and most reliable ally. This fact when considered together with our undertakings in the North Atlantic Pact, Military Assistance Agreements, and our arrangements for facilities, leads to the conclusion that we are committed to the immediate protection of the British Isles in the event of an attack. Even without commitments, the British Isles are an essential base for a successful counter-attack on the continent and their control of areas all over the world which are necessary to us in a global war, make it a primary objective to protect them.

Sweden. We have no legal commitments to protect Sweden. Nevertheless, should it be overrun by a hostile power, the security of Norway and Denmark would be gravely threatened. What we would do if Sweden were attacked would, of course, depend on circumstances at the time and what other moves Russia made.

Norway and Denmark. If these countries are attacked, the obligations of the Atlantic Pact apply. While the consequences of their being overrun are not nearly as serious as in the case of the United Kingdom, their falling into hostile hands will make it exceedingly difficult to defend the British Isles. We are, therefore, pretty close to being committed to protect them.

Greenland and Iceland. For strategic reasons brought about by geography, it is clear that we would have to repel immediately any attack on Greenland or Iceland.

South Africa is the only British Dominion the overrunning of which would not be an immediate threat to our security. The British Commonwealth taken together form the strongest and most reliable of all our actual or potential allies. Our commitments and risks to them are great, the benefits to be derived in having them for our allies equally great.

³ For documentation on United States relations with Canada, see vol. II, pp. 583 ff.

661.00/2-850

*Study Prepared by the Director of the Policy Planning Staff (Nitze)*¹

[Extract]

SECRET

[WASHINGTON,] February 8, 1950.

RECENT SOVIET MOVES

CONCLUSIONS

I. In seeking to interpret Soviet tactics, it is always useful to remind ourselves that during the course of the war, the Kremlin concluded that the US would emerge as the citadel of the non-Soviet world and therefore the primary enemy against which the USSR would of necessity have to wage a life-and-death struggle. Stalin's election speech of 1946² was an open declaration of hostility and since that time the USSR has given every sign that it neither intends to abandon the struggle, other than on its own terms, nor pause in its prosecution. In the choice of tactics, the USSR has shown a willingness to employ at any given moment any maneuver or weapon which holds promise of success. For this reason there appears no reason to assume that the USSR will in the future necessarily make a sharp distinction between "military aggression" and measures short of military aggression. In its decisions, it is guided only by considerations of expediency. As the USSR has already committed itself to the defeat of the US, Soviet policy is guided by the simple consideration of weakening the world power position of the US. This approach, on the one hand, holds out for the USSR the possibility that it can achieve success over the US without ever resorting to an all-out military assault. On the other hand, it leaves open the possibility of a quick Soviet decision to resort to military action, locally or generally.

II. In the aggregate, recent Soviet moves reflect not only a mounting militancy but suggest a boldness that is essentially new—and borders on recklessness, particularly since in the present international situation great stakes are involved in any USSR move, and any move directly or indirectly affects the US and risks US counter action. Nothing about the moves indicates that Moscow is preparing to launch in the near future an all-out military attack on the West. They do.

¹ In accordance with the instructions delivered by Under Secretary Webb at the Secretary of State's meeting of February 9, this paper was distributed to the principal officers of the Department (Secretary's Daily Meetings: Lot 58D609).

² Stalin's election speech of February 9, 1946, is analyzed in telegram 408 from Moscow, February 12, 1946, in *Foreign Relations*, 1946, vol. vi, pp. 694-696.

however, suggest a greater willingness than in the past to undertake a course of action, including a possible use of force in local areas, which might lead to an accidental outbreak of general military conflict. Thus the chance of war through miscalculation is increased.

III. The several recent Moscow moves should be interpreted as arising both from Soviet eagerness to exploit the opportunities presented by the expansion of the Soviet empire, particularly in the Far East, and from Soviet anxieties over the problem of imperial control, especially over Communist China. This problem, already pressing, is intensified by the very successes which have been recently achieved. The national deviation of Tito, we know, was a severe reverse for the Kremlin. Nationalist deviation on the part of Communist China would threaten the structure of the Soviet imperialist system. Similarly, national deviation elsewhere would reverse Soviet gains in Eastern Europe, jeopardize Soviet opportunities in Southeast Asia and Moscow's use of foreign Communist Parties as instruments of Soviet foreign policy.

Also involved, though less directly and urgently, is Moscow's continuing concern over Western counter actions in Europe. The immediate effect of these Western actions has been to bar Communist expansion in Western Europe and to commit American power to the defense of Western Europe. Moscow may well discount in part the lasting nature of these effects, but this would not alter Moscow's over-all concern, particularly in view of its phobia for magnifying dangers. The Kremlin consequently is under constant pressure to counter US moves, real or imagined, as part of the basic maneuvers required in its political warfare with the US.

IV. In assuming the risks involved in exploiting its present opportunities and in dealing with its imperial problems, Moscow appears to be animated by a general sense of confidence. The Kremlin has good reason for somewhat increased confidence. It has developed an A-bomb; it has achieved the prewar level of production and other solid economic successes; it has made progress in consolidating its control over the European satellites; and it has apparently effected an increase in the prestige of the Communist Party among the Russian people. Also contributing is an apparent Moscow belief that an economic crisis is actually in the incipient stage in the West and that this and succeeding crises will contribute to an eventual Soviet triumph. It should be stressed, however, that Soviet actions make clear that Moscow's faith in the inevitable disintegration of capitalism is not a passive faith in automatic historical evolution. Instead

it is a messianic faith that not only spurs the USSR to assist the transformation of the Marxist blueprint into a reality, but also gives the Soviet leaders a sense of confidence that in whatever particular course they follow they are riding the wave of the future.

V. With respect to particular objectives, the present pattern of Soviet moves is characterized, on the one hand, by constant attention to consolidation of previous gains and, particularly, the establishment of safeguards against dangers—real or imagined, external or internal—to these gains; and on the other hand, by concentration on soft spots, seizure of every opportunity to move into vacuum areas or to exploit completely the momentum of a successful development. Since the present pattern allows the USSR the same flexibility in the choice of particular tactics that has characterized its postwar strategy generally, it offers no dependable indication as to particular future moves. Thus, for example, the USSR may, without breaking the pattern, either remain in or withdraw from the UN, revive the issue of the occupation of Berlin or maintain the *status quo*, force a break in relations between the satellites and Western states or continue the present precarious arrangements. It can be assumed, however, that in any given situation a course will be adopted in consequence of a careful Kremlin weighing of the opportunities offered as against the deterrents involved. This offers a fairly dependable means of estimating particular steps which may be taken during coming weeks in regard to such areas as Indochina, Berlin, Austria, the UN, Korea, etc. Such estimates are in process of being prepared.

Beyond this the current pattern already seems to indicate with reasonable certainty that:

(a) The USSR considers this a favorable and necessary moment for increased political pressure, and, when feasible, taking aggressive political action against all or most soft spots in its periphery;

(b) Every effort will be made to establish and maintain effective Soviet control in China;

(c) Southeast Asia will be a primary area of Soviet-Communist action;

(d) Moscow's insistence on unquestioning subservience by all Communist Parties will be intensified, regardless of unfavorable local repercussions;

(e) The UN and other media for regular diplomatic contact will be treated with increasing cynicism;

(f) The insulation of the satellites from the West will be further intensified.

FMACC Files¹

*Policy Paper Approved by the Foreign Military Assistance
Coordinating Committee²*

CONFIDENTIAL

[WASHINGTON,] February 13, 1950.

FMACC D-4

Subject: Development of FY 1951 Mutual Defense Assistance Program (MDAP)

1. The FY 1951 MDAP will be developed under the direction and guidance of the FMACC in accordance with basic national policies and such instructions as may be provided from time to time by the Steering Committee. The recommended policies and programs developed thereunder will be approved as necessary by the Steering Committee, the National Security Council and the President.

2. In developing the policies, programs and legislation for FY 1951 and in presenting them to the Budget Bureau and Congress, the FMACC will be assisted by the following subordinate working groups:

- A. Policy and Programming Working Group
- B. Legal and Legislative Working Group
- C. Budget and Fiscal Working Group
- D. Public Information Working Group

These groups are to be constituted immediately and initial meetings should be held at once. They will consist of one representative each from the Department of State (chairman), the Department of Defense and the ECA. From time to time, as appropriate, representatives of

¹ Lot 54D5, consolidated files of various departmental and interdepartmental committees and working groups, including documentation of the Foreign Military Assistance Coordinating Committee and its predecessor, the Foreign Assistance Correlation Committee.

² The Foreign Military Assistance Coordinating Committee was the inter-departmental organization which provided operational direction and coordination for the Mutual Defense Assistance Program. The Committee consisted of representatives of the Department of State (James Bruce, Chairman), the Department of Defense (Maj. Gen. Lyman L. Lemnitzer), and the Economic Cooperation Administration (Edward Dickinson). FMACC operated under the general guidance of the Foreign Military Assistance Steering Committee composed of the Secretary of State, the Secretary of Defense, and the Administrator of the Economic Cooperation Administration. The cabinet-level Steering Committee was intended to meet only in the event that basic policy problems could not be resolved by FMACC.

For information on the Mutual Defense Assistance Program, including descriptions of the organization of FMACC, see U.S. President, *First Semi-Annual Report to Congress on the Mutual Defense Assistance Program, October 6, 1949 to April 6, 1950* (Washington: Government Printing Office, 1950), *Second Semi-Annual Report to Congress on the Mutual Defense Assistance Program, April 6 to October 6, 1950* (Washington: Government Printing Office, 1951), and *Third Semi-Annual Report to Congress on the Mutual Defense Assistance Program, October 6, 1950 to March 31, 1951* (Washington: Government Printing Office, 1951). See also William Adams Brown, Jr., and Redvers Opie, *American Foreign Assistance* (Washington: The Brookings Institution, 1953), chapter xvii.

other agencies may be participants in the activities of the working group but will not be members thereof. The working groups may establish and be assisted by such subordinate working groups as may be required.

The designation of agency representatives to serve on these working groups should be communicated to the Secretary of the FMACC concurrently with the approval of this paper. The chairman of each group will be responsible for the preparation and presentation to the Director, MDAP and to the members of the FMACC, of a weekly status report of the progress being made by his group. This report will be required in addition to the specific reports required by the terms of reference. The chairman may also recommend to the FMACC, from time to time, such changes in the directives applicable to his group as appear to be necessary or desirable.

In view of the tightness of the time schedules imposed, it is essential that inter agency differences which cannot be quickly resolved at working group level be promptly, factually reported to the FMACC for resolution. The chairman of each group will be responsible for doing so.

3. The Policy and Programming Working Group should keep clearly in mind throughout its work the distinction between basic concepts, plans to carry them out and definitive programs in support of those plans. It is responsible for :

(a) The development of the basic policy paper for the FY 1951 program.

This paper [is?] to indicate the basic concepts underlying military assistance, the general policies relating to the program, the purposes and objectives of country programs, relative priorities of the country programs, and criteria to be followed in developing programs. This paper is to be submitted to the FMACC for approval not later than 20 February 1950.

(b) Development of pricing policy for the FY 1951 program.

Recommended revisions to the pricing policy adopted for the FY 1950 program are to be submitted to the FMACC by 20 February.

(c) Development of tentative FY 1951 country programs.

Country programs should indicate the purpose, nature and scope of the individual country programs and should estimate the types and amounts of equipment (by Service), the source of equipment (excess, stocks requiring replacements, new procurement), and the dollar costs involved. Programs are to be based on policies developed in accordance with sub-paragraph (a) above and on data which are available currently to U.S. agencies in the United States and overseas regarding requirements of contemplated recipients. Tentative programs are to be submitted to the FMACC by 28 February.

(d) Development of refined country programs.

Programs developed in accordance with sub-paragraph (c) above, should be refined as necessary in light of North Atlantic Treaty activities and discussions with U.S. country and regional organizations as appropriate. These programs are to be in sufficient detail to meet the requirements of the Bureau of the Budget and the Congress for presentation purposes. Programs should be submitted to the FMACC not later than 20 March 1950.

(e) Development of tentative training program.

This program to indicate the recommended training programs which should be undertaken in furtherance to the material programs which are proposed for the 1951 program, tentative programs to indicate general policies, nature of training, number of personnel to be trained and estimates of dollar costs. Tentative programs to be submitted to the FMACC for approval 20 March 1950.

(f) Developing a tentative estimate of the additional military production program for FY 1951.

This estimate, based on the basic policies set forth in basic policy paper discussed in paragraph (a) above, should indicate:

(1) Which countries should receive assistance by the U.S. in the development of additional military production projects.

(2) The general nature, scope and dollar costs of such country programs.

The tentative estimate should be submitted to the FMACC on or before 25 February 1950.

(g) Developing a refined military production program.

The tentative program referred to in (f) above, to be refined in light of action taken by NATO, discussions with U.S. representatives at the regional and country level, and development of additional data in the United States. Refined program is to be used as the basis for presentation to the Bureau of the Budget and Congress and is to be submitted to the FMACC not later than 20 March 1950.

4. The Legal and Legislative Working Group is responsible for:

(a) The submission to the FMACC prior to March 1, 1950 of a revised version or versions of P.L. 329³ and amendments as needed, to related statutes, which reflect the views of FMACC on how present laws may be advantageously changed.

(b) An evaluation of the Congressional reaction to each of the proposed changes.

(c) The submission to FMACC of a plan, in advance of Congressional hearings, for finding the issues concerning the program troubling various members of Congress, particularly members of the committees concerned with the authorization and appropriation, and the resolution of those issues in the minds of the doubters (to the extent possible) by personal visit from appropriate officials of the three agencies. A careful canvassing of each committee member's views in advance ought to be possible.

³ The Mutual Defense Assistance Act of 1949 (63 Stat. 714).

(d) The review of position papers prepared in the FMACC in connection with the presentation of the 1950 program to determine which of them will be required and should therefore be reviewed and prepared for use in the presentation of the 1951 program; to ascertain new questions (particularly those indicating critical skepticism) likely to be the subject of inquiry in the Congressional process; and to review position papers which have been prepared for 1951 program presentation to determine their adequacy in terms of meeting the needs of Congressional presentation.

(e) The formulation of plans for Congressional presentation including the strategy of presentation, the nature of testimony, the identity and scheduling of witnesses and such other factors as may be involved.

In performing these functions, extensive use will be made of each agency's existing Congressional liaison facilities.

5. The Budget and Fiscal Working Group will be responsible for:

(a) Development and coordination of the necessary budget and fiscal plans and estimates which are required in conjunction with the presentation of the FY 1951 program to the Bureau of the Budget and Congress. Such plans and estimates should include:

- (1) The design and layout of the Budget Document.
- (2) The determination of agency responsibilities with regard to the collection, compilation, and consolidation of initial estimates covering the following:
 - (a) End-item matériel
 - (b) Training (including training teams, tuition, maintenance, etc.)
 - (c) Additional Military Production
 - (d) Shipping costs
 - (e) Other accessorial expenses
 - (f) Administrative Expenses in U.S. and abroad
 - (g) Operating Expenses
- (3) The definition of the scope of "Administrative Expenses".
- (4) Policy re Lapsing.
- (5) Time schedules (to be coordinated with other groups).
- (6) Obligation rates for planning program and administrative apportionments.
- (7) Implementation of rotation policies on overseas personnel.
- (8) Requirements for cash for liquidation of contract authority.
- (9) Requirements for distribution of new obligational authority between new appropriations and contract authorizations.
- (10) Framework for review of pricing formulas and their coordination with the 1951 and 1952 budgets.
- (11) Basis for release of funds for replacement of stock items.

6. The Public Information Working Group, which was established by the FMACC on 6 January 1950, will be responsible for developing the recommended public information programs and policies which

are to be carried out prior to and concurrently with the presentation of the program to the Congress. The working group will in particular be responsible for planning and coordinating:

(a) The preparation of material which can effectively be used in conjunction with the Congressional presentations.

(b) The preparation of material for public dissemination to give information about the proposed FY 1951 program and about the accomplishments of the MDAP since passage of the Act.

(c) The distribution of such material to the established media of the press, radio and motion pictures, and to appropriate national organizations, civic, labor, industrial, religious and veterans' groups.

(d) The development of a schedule of speeches on MDAP by important personages and the preparation of such addresses.

(e) The preparation of a weekly analysis of public opinion concerning MDAP, including the more important questions being raised by the public about the program.

A tentative plan covering these points should be submitted to the FMACC for approval by 20 February 1950.

7. There may be established from time to time as required, such additional working groups, on permanent or temporary basis, as are necessary to the effective development and presentation of a 1951 program.

8. The FMACC itself will be responsible for:

(a) Estimate of long-term objectives, scope and costs of military assistance to various countries.

This study should:

(1) Indicate the long term objectives (political, economic and military) of military assistance programs for those countries or areas for which military assistance is being proposed in the FY 1951 program; and

(2) Should estimate the general nature and amounts of equipment and the dollar costs involved thereto which may be required to achieve the long term objectives.

This paper should be presented to the FMACC for approval by 15 March 1950.

9. The Deputy Director, MDAP,⁴ will serve as executive agent for the FMACC to direct and coordinate on a daily basis, the activities of the working groups established.

State nominees—Chairman and member.

Group A—Mr. William H. Bray⁵

Group B—Mr. A. C. Vigderman⁶

⁴ John H. Ohly.

⁵ Chief of Program Staff, Mutual Defense Assistance Program.

⁶ Attorney-adviser, Office of the Legal Adviser, Department of State.

Group C—Mr. John H. [E.] Murphy ⁷

Group D—Mr. Ralph Hilton ⁸

⁷ Chief of the Control Staff, Mutual Defense Assistance Program.

⁸ Information Officer, Mutual Defense Assistance Program.

611.61/2-1550

Memorandum by the Director of the Office of Eastern European Affairs (Yost) to the Deputy Assistant Secretary of State for European Affairs (Thompson)

SECRET

[WASHINGTON,] February 15, 1950.

Attached is a paper I have drawn up outlining the approach I believe we should take in dealing publicly with the demand that we negotiate a general settlement with the Soviets. The paper is not intended for use in its present form but to serve as a basis for a speech by the Secretary or in other public presentations of the Department's point of view.

We are continuing to revise and bring up to date the list of Soviet treaty violations and this will be coming to you soon. I am inclined to think, however, that that is too negative a line to serve as the main theme of our policy on this question. I would prefer to see spelled out, as I have in the attached paper, the manifest impossibility of reconciling by negotiation the position we must assume on the main issues in protection of our vital interests with the position the Soviets have assumed and will continue to assume until obliged by the facts of life to lower their sights.

CHARLES W. YOST

[Annex]

Paper Prepared by the Director of the Office of Eastern European Affairs (Yost)

SECRET

[WASHINGTON,] February 15, 1950.

BASIC NEGOTIATIONS WITH THE SOVIET UNION

In order to determine whether it is worth while to enter into negotiations with the Soviet Union with a view to a general settlement, it would be useful, first, to list the chief issues outstanding between East and West which would necessarily be dealt with in such a settlement, second, to indicate the position of the two parties on each of these issues and, finally, to estimate whether or not there is a reasonable likelihood of these positions being reconciled. If it appears that such

a reasonable likelihood exists in the case of most of the principal issues, the prompt commencement of negotiations for a general settlement would clearly be called for; but if it should appear that, given the essential interests of the West and the fixed dogmas of the East, there is little likelihood of accommodation on the great issues, it would seem preferable to continue the present practice of negotiating each issue separately in the appropriate forum, in the UN or in conjunction with our Allies, for to commence a negotiation for a general settlement and to fail might easily be worse than not to negotiate at all.

There are discussed briefly below the principal issues which divide East and West at this time. It should be emphasized that any settlement, in order to be successful in ending, or substantially moderating, the cold war, would have to resolve at least a majority of these issues, and those the most important.

1. *Cooperation with the UN.* In a sense this constitutes the most basic issue of all since sincere cooperation with the UN on the part of the Soviet Union would either in itself resolve most of the outstanding issues or would make them relatively unimportant as far as world peace is concerned. It would hardly be possible, however, to negotiate fruitfully so vague a proposition as "sincere cooperation with the UN". Each side would claim that it is already cooperating sincerely and that the other is not. This issue would therefore, in any negotiation, have to be broken down into a number of concrete questions on which we consider that the Soviet Union is *not* cooperating with the UN. The most important of these are the following:

A. *Control of Atomic Energy.*¹ This is the topic on which there is the most widespread demand that negotiations between the United States and the Soviet Union be undertaken. In order to avoid creating a fear that we are deserting our Allies and attempting a bilateral settlement contrary to their interests, we should have to insist on continuing negotiations within the UN. This would not create a serious stumbling block if a real will to agree existed. In essence the position of the two parties seems, however, hopelessly far apart. The West insists that effective control of atomic energy is essential to atomic disarmament and that control to be effective must follow all quantities of uranium and plutonium and their products through all stages of processing. The West further contends that this latter safeguard can only be effective if the materials in question are not only observed by, but also managed and owned by, an international institution throughout all these processes. Whether or not this last contention is correct, it seems inconceivable that the Soviet leaders, in view of their psychosis on the subject of security and their determina-

¹ For documentation on efforts to achieve the international control of atomic energy, see pp. 1 ff.

tion to cut their people off from representatives of the West, would permit agents of an international institution to move freely throughout the Soviet Union and to examine any mine, factory or laboratory they wish in order to determine whether or not atomic materials are present there. Yet such absolute freedom of movement and inspection would obviously be the minimum which the West could consider to be effective control of atomic energy. Agreement on this matter would therefore seem to be impossible until the Soviet leaders come to consider, which they obviously do not at present, that their security would be more seriously jeopardized by an absence of control of atomic energy than by the sort of effective control described above.

B. *Disarmament of Conventional Weapons.* Discussion of this subject has made no progress whatsoever in the UN. Soviet proposals have been of a nature which, while reducing existing armaments across the board, would leave their substantial superiority in most branches intact. It seems foolish to think that either they will agree to abandon this superiority or we will agree to sanction it unless and until a substantial measure of mutual confidence between East and West can be created. History has made abundantly clear that such confidence must precede disarmament.

C. *UN Security Forces.* Really effective UN security forces would have to be strong enough and well enough equipped to cope with *any* potential aggressor, including the most powerful. They would therefore have, under present circumstances, to be equipped with atomic weapons and the Great Powers would be obliged to disarm substantially so that they would not be overwhelmingly superior to the UN forces. This statement makes it clear that there can be no real progress on the creation of effective UN forces until there has been progress on the control of atomic energy and on disarmament.

2. *North Atlantic Treaty and Military Aid Program.* It is obvious that one of the first Soviet demands in negotiations for a general settlement would be for the dissolution of the North Atlantic Treaty and the abandonment of the Military Aid Program, which they claim to be directed against them. It is obvious that we could not agree to any such demand until there should have been a settlement of most of the other points at issue between East and West, leading us to the conclusion that the Soviet Union had abandoned her aggressive objectives and capabilities.

3. *European Recovery Program.* The Soviet Union would also presumably demand the abandonment of ERP, which she refused to join and which she has always claimed is an instrument of American imperialism. We clearly could not consent to abandon ERP until we believed it had accomplished its objective of making Western Europe economically capable of resisting Communist expansion and infiltration.

4. *Cominform*.² Perhaps the most basic demand which we would feel must be made if international confidence and trust are to be restored is that the Soviet effort to create disorder and revolution throughout the world, through the medium of centrally-directed Communist parties, be completely given up. It is difficult to see how peace between East and West can ever be durable as long as the East is perpetually engaged in vigorous efforts to overthrow the governments of the West. Yet the abandonment of this program would clearly be contrary to all the tenets of Marxist-Leninist theology and would certainly not be seriously contemplated by the Kremlin unless it were in a far weaker position than it is today.

5. *Iron Curtain*. Furthermore, we would probably feel that we could have no security unless the people of the Soviet Union and the satellites were given an opportunity to learn the truth about world events and hence to be able to act in some degree as a check upon their rulers; in other words, unless the iron curtain were breached. Yet it seems certain that the Kremlin would consider this a dangerously subversive measure which would undermine their entire political position, and would therefore reject any important change in their present policy.

6. *The Satellites*. A related demand on our part might be that the campaign of persecution and harassment of Western interests, nationals and officials in the Soviet satellites in Europe and Asia be brought to an end. However, since the purpose of this campaign is to cut off the satellite people and governments from contact with the West and cement Soviet control, it hardly seems reasonable to suppose that the Soviet leaders would make more than minor and ineffective concessions on this score.

7. *Peace Treaties*.

A. *Germany*. The problem of Germany was discussed thoroughly at the CFM in Paris last May and June.³ The essence of the Soviet proposal at that time was a return to the rigid Four-Power control of all Germany, which would give them the veto over our action in Western Germany. The essence of the Western position was adherence by the Eastern German *Laender* to the Bonn Constitution after supervised, free and secret elections in those *Laender*. It is possible that both parties might move somewhat from these positions, but it seems impossible to imagine either that the West would consent to a treaty or an arrangement which would enable the Soviets to block the democratic constitutional developments now taking place in West Germany and the closer association of West Germany with the rest of Western Europe, or that the Soviets would agree to a treaty or an arrangement which would effectively remove Eastern Germany from

² Documentation on the attitude and response of the United States to the Soviet "peace offensive" and the use of international organizations as instruments of Soviet foreign policy is scheduled for publication in volume iv.

³ For documentation on the Sixth Session of the Council of Foreign Ministers, Paris, May 23-June 20, 1949, see *Foreign Relations*, 1949, vol. III, pp. 856 ff.

their control. There can be little doubt that the Soviet leaders consider control of Germany to be the key to the control of Europe and that they will not voluntarily renounce their ambition and efforts to control all Germany. The chances of agreement on a German settlement would therefore appear to be nil unless and until the Soviets are obliged to desist from intervention in Europe.

B. *Japan.* The present impasse on the Japanese treaty was created by the refusal of the Soviets to participate in treaty-making procedure which would not assure them the veto on treaty provisions and by the refusal of the US and other Western Powers to institute procedures which would provide for such a veto. This is a difficulty which could be overcome if issues of substance could be eliminated. The real problem, however, is that the US could not, in the present state of the world, leave a disarmed Japan undefended, that is, fail to retain certain armed forces in Japan after the conclusion of the treaty, until other means of checking international aggression had been established. The Soviets, on the other hand, could not be expected to agree to a treaty which provided for or permitted the indefinite maintenance of US forces in Japan.

C. *Austria.* Though the Soviets have again and again prevented the conclusion of an Austrian treaty, it had been hoped recently that the outstanding issues had been narrowed down to such a degree that a treaty might be possible. It now appears, however, that the Soviets are merely using the remaining issues as pretexts for delay and that they have decided that their evacuation of Eastern Austria would not be to their interest at this time, no matter what concessions the West might choose to make short of consigning Austria to the status of a Soviet satellite. The Austrian treaty is certainly a test case of the willingness of the Soviets to negotiate a peaceful settlement based on the will of the peoples concerned, for here was a case in which the Soviets refused to evacuate a country the overwhelming majority of whose population clearly desired to unite with the West.

8. *Independence of Peripheral States.* Finally, there is the question of freedom from fear of Soviet aggression by states bordering on the Soviet sphere. Those most recently and seriously threatened include Indo-China and the other states of South East Asia, Yugoslavia, and Greece. Others threatened in the past and apt to be subject to new pressures at any time include Finland, Turkey and Iran. There can obviously be no bargaining over this issue and no concessions which the West can offer. It is ridiculous to imagine that the Soviet Union or Soviet interests are threatened by the nations in question. This issue can be solved only by a demonstration by the Soviet Union that it intends to live up to its obligations under the UN Charter, to refrain from the threat or use of force against these nations, and to cease interference in their international affairs.

The inescapable conclusion of the above catalogue would appear to be that, on most of the principal issues involved, the Soviets would not at present make those concessions which would be required to create a feeling of trust and confidence on our part. On the other hand, we could not go far toward meeting the Soviet position on these issues without abandoning either our vital interests or those of our Allies and friends. There would be no assurance, moreover, that such abandonment would in fact strengthen peace rather than merely whetting the Soviet appetite for further concessions.

The question nevertheless arises whether, as urged by a number of public figures here and in Western Europe, we should make one further effort to arrive at an over-all settlement with the Soviets before reconciling ourselves to the long and arduous strain of a cold war ever threatening to become hot. The principal argument for making this further attempt is not that it would make any real impression on the Soviets but that it might help to convince waverers in the West that we have exhausted every possible means of reaching a peaceful solution. As indicated in the opening paragraphs of this memorandum, however, a general negotiation which failed to produce a real settlement might well be more dangerous than no negotiation at all.

If the negotiation broke down, it would accentuate the fear of early war; if the negotiation produced a partial or superficial agreement which actually failed to settle the chief issues, the effect might be merely to lull the West into a sense of false security of which the Soviets could take advantage. If this sense of security should cause the US to relax its present efforts, the nations of Western Europe might well feel obliged in their turn to compromise with the Communists. Thus the Soviets, who have more effective means than we of controlling their allies, could have achieved their objective of isolating the US.

The fact is that many of the major issues between East and West are being discussed, or can easily be discussed, in existing forums in the UN or elsewhere. The wisest strategy would appear to be to make it completely and repeatedly clear that we are ready and willing to discuss any and all of these issues in the appropriate forums, that we have presented for the solution of most of these issues workable plans which have won wide international support, and that it is now up to the Soviet Union, if it does not feel able to accept these plans, to present workable alternatives which will also receive general international support. If, however, it should be deemed necessary to make some additional gestures to satisfy public opinion, it would be possible to reintroduce into the appropriate forums our plans modified in such

non-essential particulars as seemed appropriate. Such a presentation at this unpropitious time might, however, harden rather than soften the respective positions.

Aside from the question of making clear to Western public opinion our readiness to negotiate, the more important problem of adopting a posture in international affairs, which will produce a Soviet willingness to negotiate, might be stated succinctly in six propositions, of the validity of which it would be the objective of our policy to convince the Kremlin. These six propositions would be as follows:

1. *That the limits of peaceful Communist expansion have been reached, at least for some time to come.* This would mean holding firmly the line around the present peripheries of the Soviet sphere and providing the necessary military, political and economic aid so that the numerous "soft spots" on our side of the periphery are not absorbed by Communist infiltration and subversion. The most critical of these spots at this time is South East Asia.

2. *That expansion by force of arms would be too dangerous to risk.* This involves both the rearmament and, at least to a sufficient degree, unification of the West.

3. *That the West does not intend to launch a war against the Soviet Union.* In view of the Marxist-Leninist dogma that the capitalist powers are sooner or later bound to launch an attack on the Socialist fatherland, it is particularly important to avoid unduly provocative gestures which might confirm any predisposition to believe that this attack is about to take place.

4. *That there will be at least in the near future NO capitalist economic crisis of major proportions.* If it is of vital importance that we demonstrate domestically, in Western Europe and in the Western world generally, that a free economy is able to produce and distribute generously and continuously. A serious economic depression would obviously be an enormous boon to the Soviets.

5. *That internal political and economic stability within the Soviet sphere is not assured.* The more the Soviets can be preoccupied with political and economic difficulties at home, as they were during the period between the two World Wars, the less likely it is that they will be able to give vent to their aggressive inclinations. In this connection it behooves us to do whatever may be possible to encourage Titoism among the satellites and to hinder the military-economic consolidation and development of the Soviet sphere.

6. *That we are at all times ready to negotiate earnestly and honestly on any and all of the outstanding issues between East and West and will welcome sincere Soviet proposals for the settlement of these issues.*

These are, of course, the policies which we are now pursuing. It is desirable, however, that they be firmly and frequently restated as the positive aspect of our relation to the Soviets and to the problems created by Soviet ambitions and delusions.

Policy Planning Staff Files

*Draft Memorandum by the Counselor (Kennan) to the Secretary of State*¹

TOP SECRET

[WASHINGTON,] February 17, 1950.

MR. SECRETARY: In the light of the current demands in the Congress and the press for some sort of a review of our foreign policy in its entirety, I think that as your senior advisor on policy formulation I should, before leaving for South America,² let you have the following résumé of my own views on this subject.

I

There is little justification for the impression that the "cold war", by virtue of events outside of our control, has suddenly taken some drastic turn to our disadvantage.

Recent events in the Far East have been the culmination of processes which have long been apparent. The implications of these processes were correctly analyzed, and their results reasonably accurately predicted, long ago by our advisors in this field. The likelihood of these recent developments was known at the time when our present policies toward the Soviet Union were evolved. This prospect was not considered valid justification either for failing to do things in Europe which promised to be useful, or for doing certain things in the Far East which promised to be useless. Mao's³ protracted stay in Moscow⁴ is good evidence that our own experts were right not only in their analysis of the weakness of the National Government but also in their conviction that the Russians would have difficulty establishing the same sort of relationship with a successful Chinese Communist move-

¹ Circulated in the Policy Planning Staff by Harry H. Schwartz, Executive Secretary, under a memorandum of transmittal of February 17 which read as follows:

"Attached is a copy of a draft memorandum addressed to the Secretary prepared by Mr. Kennan. This memorandum has not been sent nor is it Mr. Kennan's intention to send it as he has already exposed the ideas contained therein orally to the Secretary. It is being circulated for the information of the staff and such assistance as it may represent in the current policy review." (Policy Planning Staff Files)

² Kennan departed for Mexico City and South America on February 18; for information on his fact-finding mission, see vol. II, pp. 589 ff.

³ Mao Tse-tung, Chairman of the Central Executive Committee of the Chinese Communist Party.

⁴ For text of the Sino-Soviet Treaty and two accompanying agreements, signed at Moscow on February 14, 1950, see Margaret Carlyle, ed., *Documents on International Affairs, 1949-1950* (London: Oxford University Press, 1953), pp. 541-547. For additional documentation on Sino-Soviet relations, see vol. VI, pp. 256 ff.

ment that they have established with some of their eastern European satellites. Events have borne out of their view that the projection of Moscow's political power over further parts of Asia would encounter impediments, resident in the nature of the area, which would be not only *not* of our making but would actually be apt to be weakened by any attempts on our part to intervene directly. These impediments are now obviously operating—to date more rapidly than we had dared to hope. Elsewhere in the Far East—in Indonesia and Indo-China in particular—things are also no worse today than we would have thought likely two years ago.

Thus the over-all situation in that area, while serious, is neither unexpected nor necessarily catastrophic.

The demonstration of an “atomic capability” on the part of the U.S.S.R. likewise adds no new fundamental element to the picture.⁵ While certain features of our original position were influenced by the fact of our temporary monopoly, the assertions that the present U.N. majority proposals were predicated on such a monopoly are simply nonsense. The probability of the eventual development of the weapon by others was not only one of the basic postulates of the original U.S. position but actually its entire motivation. Had this postulate not existed, security could easily have been achieved by our simply hugging our secret to ourselves. The whole rationale of an international control system lay in the assumption that the alternative was a dangerous atomic rivalry. The fact that this state of affairs became a reality year or two before it was generally expected is of no fundamental significance.

The H-bomb is admittedly a severe complication of the difficult and dangerous situation which has prevailed ever since the recent war. It gives new intensity, and a heightened grimness, to our existing problems. But it is we ourselves who have started the discussion about this weapon and announced the intention to develop it. The Russians have remained generally silent of the subject. They have said nothing about developing the weapon or using it against others, just as they have been scrupulously careful in general to deplore the very idea of the utilization of the mass destruction weapons in warfare. The idea of their threatening people with the H-bomb and bidding them “sign on the dotted line or else” is thus far solely of our own manufacture. And there are no grounds for concluding that the Russians, who do

⁵ On January 20, Kennan completed a 79-page memorandum on international control of atomic energy. The study also considered the question of development of thermonuclear weapons and aspects of national strategic planning. For extracts from the memorandum and comments on it by officers of the Department, see pp. 22 ff.

not require the mass destruction weapons for the establishment of an adequate military posture, are necessarily insincere in their stated desire to see them effectively proscribed from the conduct of warfare.

This is not to say that our international situation is secure, or is one that could justify complacency. As stated above, it is both difficult and dangerous. But its basic elements are ones which were established largely by the final outcome of hostilities in 1945. Nothing that recently occurred has altered these essential elements; and in so far as we feel ourselves in any heightened trouble at the present moment, that feeling is largely of our own making.

II

This being the case, the question remains as to the adequacy of our present policy approach in the face of this situation.

This approach, as I understand it, could be described as follows:

We recognize that the outcome of the recent war left military ascendancy on the Eurasian land-mass in the hands of a single power, irrevocably hostile to that part of the international community which does not recognize its authority, and committed to its eventual subjugation or destruction. It also placed this power in direct military control of roughly half of Europe.

It has been clear since the termination of hostilities that if this power broke out militarily and attacked the remainder of its former allies in Europe the result, whatever its chance for permanency, would obviously be in the immediate sense a major catastrophe, comparable to that which would have occurred had the Nazis won their war in Europe and forced England's surrender. This had to be avoided, if possible. But equally dangerous would have been a similar further extension of Soviet power by political means; i.e., by intimidation, deceit, infiltration and subversion. This also had to be countered to the extent of our ability.

There was a good possibility that the Russians themselves, recognizing that this had serious disadvantages and dangers from their own standpoint, had no intention of launching a military attack on the rest of Europe at this juncture, and that they were planning to base their action on means short of war.⁶ Our best hope of avoiding catastrophe lay in exploiting this possibility and in concentrating on the strengthening of the resistance of other countries to Soviet political aggression.

⁶ Kennan's argument against the likelihood of an overt military attack by the Soviet Union is set forth in George F. Kennan, "Is War with Russia Inevitable? Five Solid Arguments for Peace," Department of State *Bulletin*, February 20, 1950, pp. 267-271, 303. The article also appeared in the March issue of *Reader's Digest*.

Why was this?

First, because if the Russians, contrary to expectations, *did* attack militarily, there was really little that we or anyone else could do about it. We had decided to demobilize. Strength adequate for real military containment in Europe and Asia could not conceivably be built up without reviving the military power of Germany and Japan, which we were not prepared to do. We might do some things to make such an attack less likely; but we were not the Russians' keepers—we had no real control over their motives or their conduct—and if they grasped for the sword, there was no way we could really prevent the results from being a new sort of shambles for European civilization.

Secondly, because there *was* a chance that with our encouragement sufficient forces of resistance could be mobilized in the non-communist world to prevent communist political pressure from having successes of catastrophic dimensions at this juncture. As for the more distant future, no one was wise enough to tell. But if five or ten years of peace could be gained, there was always a possibility that by that time something would have happened to diminish the intensity of the communist threat and that the world might then somehow work its way through, without catastrophe, to an international order of greater stability and security.

This, at any rate, was the best chance. War was no acceptable alternative. Nor was the idea of some overall agreement with the Soviet leaders. A patient and wary policy of reinforcing resistance to Soviet political pressures, wherever there was anything to reinforce, and by whatever means we had of doing this, was dictated by the limits of the possible. It was not guaranteed to work. But it was the only thing that held out any real possibility of working.

The implications of such a policy, from the standpoint of the actual conduct of our affairs, were profound and varied. To understand the logical inter-relationships of the various phases of diplomatic action which it demanded called for considerable subtlety and breadth of understanding. Not all the elements of our public opinion, or even of our government personnel, possessed these qualities. Because the Russian attack, ideologically speaking, was a global one, challenging the ultimate validity of the entire non-communist outlook on life, predicting its failure, and playing on the force of that prediction as a main device in the conduct of the cold war, it could be countered only by a movement on our part equally comprehensive, designed to prove the validity of liberal institutions, to confound the predictions of their failure, to prove that a society not beholden to Russian communism could still "work". In this way, the task of combatting communism became as broad as the whole great range of our responsibili-

ties as a world power, and came to embrace all those things which would have had to be done anyway—even in the absence of a communist threat—to assure the preservation and advance of civilization. That Moscow might be refuted, it was necessary that something else should succeed. Thus Moscow's threat gave great urgency to the solution of all those bitter problems of adjustment which in any event would have plagued and tested the countries of the non-communist world in the wake of these two tremendous and destructive world conflicts. And it was not enough, in the face of this fact, to treat the communist attack as purely an outside one, to be dealt with only by direct counter-action. Such an approach was sometimes necessary; but primarily communism had to be viewed as a crisis of our own civilization, and the principal antidote lay in overcoming the weaknesses of our own institutions.

The *principal* antidote, I repeat, not the *only* one. Since military intimidation was another of the cold war weapons used by the Kremlin, direct action had to be taken to combat this, too. Hence our own armed establishment, the Atlantic Pact and the Arms Program. These measures threw many people off. They were not part of a policy of *military* containment; but they looked like it. They served their purpose in Europe; but they misled many people there and here into a false concept of what it was we were doing: into a tendency to view the Russian threat as just a military problem rather than as a part of a broad political offensive. (This error has had a great part in producing the present restlessness with our policy; for through these distorted lenses the atomic energy problems, and many other things, take on quite misleading aspects.)

III

There is no reason, to date, to doubt the validity of this approach. In fact, any serious deviation from it could easily lead to most appalling consequences. But if it be asked whether our present policies represent the most and the best we can do to implement it, I must say that in my opinion they do not. The main deficiencies appear to me to be these:

1. In the military sphere, we should act at once to get rid of our present dependence, in our war plans, on the atomic weapon. This is necessary, first of all, in order that we may have a straightforward stance toward the problems of international control. The H-bomb discussion and other events having created such intensity of interest in this subject, a confused and hesitant position on our part becomes a dangerous matter, both domestically and internationally. Secondly, it is necessary because the atomic weapons are already an infirm and questionable element in our military posture, and likely to become more so as time passes. This is true both psychologically and in the literal military sense. Finally, as the power of the mass destruction

weapons grows, public opinion will ill support the prospect of a war conducted with such agencies and will tend to lose its sense of perspective and to entertain wild schemes for the settlement of political conflict. The removal of our dependence on the weapon will not alone alleviate this unhealthy preoccupation; but it is a first step toward it. As long as we are determined to use the weapons willy-nilly, the conduct of warfare on that basis is inevitable. Only if we ourselves would be prepared, as a starter, to refrain from their use on a basis of mutuality, could there even be any chance of avoiding atomic warfare in the event of hostilities.

Now it is admittedly a tremendous undertaking on our part to dispense with this dependence on the atomic weapon. I should think it entirely possible that this would require a state of semi-mobilization, involving some form of compulsory military service and drastic measures to reduce the exorbitant costs of national defense. In particular, we must abandon the idea that the armed establishment can and should compete with the civilian economy in pay scales and amenities: that it should operate, in other words, as a function of the civilian economy. That concept rests on a great delusion, and spells impotence.

2. We must face up at once to the dollar gap problem, particularly with relation to the financial situation in the U.K. and sterling area, but also with an eye to our problems with respect to Canada and to Germany and Japan. The British situation is urgent, and will probably be back in our laps in an aggravated form within a year, even if the Congress accedes in full to executive recommendations for ERP aid. A British bankruptcy will have extremely dangerous consequences throughout the entire non-communist world.

We cannot do everything ourselves; but the removal of our tariffs and subsidies would relieve at least a portion of the dollar shortage, and—more important still—would create a sort of clarity which nothing else could create as to the real measure of foreign responsibility for the dollar gap problem.

The situation demands, therefore, a courageous and unhesitating attack on this problem by the executive branch of government, making plain the facts and outlining the course of action to be followed. We should aim at a program of gradual adjustment, perhaps over a period of years and with the Federal Government stepping in to mitigate hardships and injustices to private interests. The end of this period of adjustment should be a complete absence of tariffs and subsidies, except where genuine security considerations intervene; and even in these cases we should treat other members of the Atlantic Pact group as allies rather than potential enemies, and try to spare them from being the victims of security considerations.

3. With respect to the problem of our relations to underdeveloped areas, generally thought of in connection with Point IV, I would say the following.

I think we should fight the assumption that these relations cannot be normal and satisfactory ones unless we are extending some sort of unrequited assistance to the respective peoples.

I think we must also beware of the assumption that it is invariably helpful and desirable that such people should be assisted to a higher stage of technological development. Technology is not a good in itself.

Living standards are a deceiving measure either of satisfactions people derive from life or of their political stability. In particular, we should beware of the favored stereotype to the effect that low standards of living produce communism and high standards of living do not. This is an unproven thesis, and probably unsound.

Finally, in the areas where we do find it desirable and useful that technological assistance should be extended, I think we will find that many modifications, and perhaps fundamental ones, must be made in the present Point IV concept before it can become fully effective. I fear that as it stands today it imputes to private enterprise an altruism which cannot fairly be demanded of it, and to government a capacity for organization which government does not and cannot possess. It also does not meet entirely the requirement that technological assistance, if it is to be really creditable and effective, must be extended in a balanced context of social and economic development, and not in isolated dribbles, related only to fragments of a country's basic needs. To be effective, in other words, it would have to embrace the TVA principle that life must be looked at in all its aspects if living patterns are to be improved.

I think that we must come eventually to the creation of a central corporation for foreign developmental work involving any sort of special assistance; that this corporation must be near enough to government to be amenable to governmental policy direction and yet far enough from it to avoid the paralyzing effects of governmental restrictions on the employment and utilization of personnel. And it should serve as a point at which government, private enterprise, and charity can come together in the projection of our technological capacity beyond our borders in ways which will serve rational political ends.

4. I think it quite essential that we find a new and much more effective approach to the problem of making our policies understood within this Government and among our own people. This relates particularly to those interrelationships of policy which are of a relatively subtle nature and for the understanding of which some knowledge of the theory of foreign relations is essential. Up to this time, it seems to me, we have been quite unsuccessful in this. You still have the most distinguished and influential of our columnists and diplomatic observers making statements which reflect an almost incredible ignorance of basic elements of our foreign policy, to say nothing of the state of mind of Congressional circles.

The first prerequisite for people who are to concern themselves with explaining policy to others is that they themselves should understand it. It is not uncharitable to point out that this qualification is not generally obtained without considerable experience and intellectual discipline. We have gone thus far on the principle that the teachers themselves require no teaching; that they imbibe what they need to know by their mere presence and activity within the institution of the Department of State. This is our first mistake.

Our second is the belief that we can achieve our purposes in this field without real ideological discipline. I think that we must not fear the principle of indoctrination within the government service. The Secretary of State is charged personally by the President with the conduct of foreign affairs, and there is no reason why he should not insist that his views and interpretations be those of the entire

official establishment. There is no reason why every responsible officer of the Department and Foreign Service should not be schooled and drilled in the handling of the sort of questions concerning our foreign policy which are raised morning after morning by Lippmann⁷ and Krock⁸ and others. What we need here is a section of the Department charged not only with the briefing, but with the training and drilling, of our official personnel on political matters. And this operation should extend beyond the walls of this Department and into other departments closely concerned with foreign policy, particularly the armed services and the Treasury.

The elaboration of a body of policy thought and rationale which can be taught in this manner will do more than anything I can think of not only to improve the quality of political work within the department but also to improve our general impact on press and Congress and public. Without this type of discipline and singleness of purpose, I do not think the problem can be mastered. And unless it is mastered, there seems to me to be serious and urgent danger that our present policy toward the Soviet Union will founder on the lack of popular support.

⁷ Walter Lippmann, author and syndicated newspaper columnist.

⁸ Arthur Krock, Washington correspondent of the *New York Times*.

Policy Planning Staff Files

*Memorandum by the Deputy Under Secretary of State (Rusk) to the
Director of the Policy Planning Staff (Nitze)*

TOP SECRET

[WASHINGTON,] February 23, 1950.

Here are some superficial comments on the attached paper.¹

I. First paragraph. I doubt that we should confine the revolutionary process of the past 35 years to the Russian and the Chinese revolutions. If anything, we have had two broad streams of revolution. On the one hand we have had a continuation of a national-liberal-democratic revolution which has extended into new areas. On the other, we have had communist revolution or counter-revolution in certain areas.

Also in the same paragraph, I doubt that it is accurate to say "the complex balance of power" was destroyed. There was never a balance, if by balance we mean equilibrium. If by a balance we mean contending forces which express themselves at times in war and at times in peace, then we have had several basic rearrangements of the balance of power in the span of one generation.

¹ The attachment does not accompany the source text and has not been specifically identified. It was an early draft or partial draft of the study on United States objectives and programs for national security, being prepared by the State-Defense Policy Review Group. For the final version of the study, NSC-68, April 7, see p. 235. The four sections of Rusk's memorandum correspond to the first four sections of NSC-68.

The gist of the above comment is that the first paragraph appears to be over-simplified as a statement of what happened.

II. In the statement of fundamental purpose it appears that we are saying that the United States will stand or fall as a democracy and that we do not anticipate United States survival as something other than a democracy. I have no doubt but that our policy should be stated that way and that present action should be based upon that policy. I see no particular point in our debating now what alternative forms might develop in the event of a fatal shock to "our free and democratic system"—but we can be reasonably certain that 150 million people will not perish and that, before doing so, they will bring about basic changes in both ideology and political structure.

III. I am not at all sure that we have forced the Soviet Union to confess to its own fundamental design. It would obviously be a major diplomatic effort to drive them into such a corner that they would be compelled to confess their true purpose. But if we are to mobilize the strength and spirit of the "free world", it should be our objective to force such disclosure by the Kremlin which would be just as clear and understandable as the designs of Hitler came to be.

IV. This section on the underlying conflict in the realm of ideas and values is a first-class job and should be used as the basis for a nationwide statement by the Secretary on the elementary principles of our foreign policy. Since I understand it will undergo further revision, I will not comment upon details at this point.

DEAN RUSK

Policy Planning Staff Files

*Record of the Meeting of the State-Defense Policy Review Group,¹
Department of State, Monday, February 27, 1950, 3 p. m. to 6 p. m.*

TOP SECRET

Present: Department of State
Paul H. Nitze
R. Gordon Arneson
Carlton Savage
George Butler
Harry H. Schwartz

¹The State-Defense Policy Review Group, organized to draft the study requested by President Truman in his directive of January 31 (p. 141), first met on February 8. At its second meeting, February 10, the Review Group decided that until completed, the work of the group would also represent the contributions of State and Defense to NSC Action Directive No. 270 on Objectives, Risks, and Commitments (for text, see Rusk memorandum, January 18, p. 138). (Policy Planning Staff Files)

Department of Defense

Major General James H. Burns [ret.] ²Major General T. H. Landon ³Mr. Najeeb E. Halaby ⁴Mr. Robert LeBaron ⁵

National Security Council

Mr. James Lay

Princeton University

Dr. J. Robert Oppenheimer ⁶

Note: For an hour prior to the meeting, Dr. Oppenheimer read the drafts of Section I through VIII of the attached outline.⁷

Dr. Oppenheimer first asked Mr. Nitze if his impression of the conclusions of the papers were correct that there is no honest escape from an increased effort on the part of the United States. Mr. Nitze confirmed the correctness of this impression. Dr. Oppenheimer said that he agreed but that he was impressed by what he called several "gaps". (1) What seemed to be a conflict between the author's confidence in our moral strength and a perplexity as to why this moral strength was not being employed. (2) The paper seems somewhat less than candid in noting the enormous difference between kinds of military strength, in indicating the role which things military play in overall strength, and in pointing up the desirable forms of strength. (3) He said that the unity, determination, and economic power of the United States represents deterrents to war and strength in war. There is, however, a relative importance of having a great potential as against a current armament and it is primarily a question of the balance between the two. The paper doesn't sharply distinguish between those things which will make for strength in war and those things which we must always have ready. (4) The terms of reference seem to call for answers to such questions as: Do we stockpile the H-bomb if we can make it? What must we receive and what must we be willing to give in order to achieve international control of atomic energy? If we got into a war, we would use the atomic bomb; the Russians know it,

² Assistant to the Secretary of Defense for Foreign Military Affairs.

³ Air Force Member of the Joint Strategic Survey Committee of the Joint Chiefs of Staff.

⁴ Director of the Office of Foreign Military Affairs, Department of Defense.

⁵ Chairman of the Military Liaison Committee to the United States Atomic Energy Commission; Adviser to the Secretary of Defense on atomic energy affairs.

⁶ Chairman of the Institute for Advanced Study, Princeton, New Jersey; Chairman of the General Advisory Committee of the United States Atomic Energy Commission; Director of Los Alamos Laboratories of Manhattan Engineer District, 1943-1945.

⁷ The specific working drafts examined by Dr. Oppenheimer have not been identified. For the final version of the study, NSC/68, see p. 235.

have an incentive to use it first, and there is no discussion of the problems deriving from these facts.

Mr. Nitze explained that we had discussed all of these questions in some of our first meetings and had come to the definite conclusion that before we could attempt to give any answers we had to construct a basic framework into which the answers would fit.

Dr. Oppenheimer commented that he had always felt that what we did about the A-bomb could be an inspiration for most other considerations, to which Mr. Nitze replied that in his opinion there is a strong interrelationship between the morale of the people and their feeling that our type of system can provide them with a defense—without particular regard to the type of weapons.

Dr. Oppenheimer said that two things stand out sharply with reference to the atomic bomb: one is terror and the other is mystery. With regard to the first, the question arises as to what we can do or say. Would it be reasonable to say that we would use it only for retaliatory purposes. In this connection, we seem to have slipped into our present military posture by default because obviously right now without the atomic bomb we would have no military posture. The question then arises whether could we build up our strength during the next five years, for example, so as to get away from complete dependence on the atomic bomb?

Mr. LeBaron expressed some doubt as to (a) whether a person was any deadlier if killed by an A-bomb than by a rifle bullet, and (b) whether the A-bomb is any more horrible than many other weapons, particularly those in the biological and chemical field. Dr. Oppenheimer stated his belief that there was a moral difference between killing ten people and ten million and said that the issue was concerned primarily with the atomic bomb because it was his understanding that biological and chemical weapons were not considered effective for offensive use.

Mr. Nitze reiterated his concern with the relationship between morale and the lack of defense against aggression. He pointed out that to supply Western Europe alone with a reasonable amount of conventional armaments might cost \$40 billion and even then you would only have around sixty divisions as compared to over 200 of the Soviet Union. The thing to do was to strengthen the moral fiber of the people, and the draft paper which we had prepared suggested that you build toward that objective. Dr. Oppenheimer agreed that you cannot give up the A-bomb while you are still building toward that objective, but pointed out that the Russians in five years might be able to do more damage with atomic bombs in Western Europe than we could do to them. Mr. Nitze recapitulated four points: (1) that the Russians'

capabilities are now greater than the public believe, (2) the capabilities of Western Europe are very low, (3) our own efforts are inadequate, and (4) there is a relation between confidence and security. One question that arises then is should the situation be stated frankly? Dr. Oppenheimer expressed the hope that the group's work would result in making the American people aware of the facts. He said that those in Europe already know them. He admitted a connection between morale and material power, but expressed the belief that the connection was not too close. Mr. Nitze asked if the brutal facts would not have to be coupled with the answer or at least the direction of the answer, and Dr. Oppenheimer suggested that an attempt not be made to give a complete answer.

Dr. Oppenheimer wondered if the paper would present a recognizable picture to the average citizen of the Soviet Union and asked if we were so sure that the comparison was one between jet black and pure white. Mr. Nitze said he didn't think that we had given that impression.

Dr. Oppenheimer said that if one is honest the most probable view of the future is that of war, exploding atomic bombs, death, and the end of most freedom. The people must see this and only then will they do what must be done. The grave responsibility of the Government is to let the people see and to undo the comfortable view of the future. We are not able to defend Europe and the possibility exists that if war came one of the first things that would happen would be the end of Paris. Dr. Oppenheimer admitted the dilemma that if we now renounce first use of the atomic bomb that itself might be the end of Europe, but he repeated the suggestion that we might now be able to so conduct ourselves that in five years we could renounce first use. Mr. LeBaron pointed out that the opposite was possible as in five years it might be recognized clearly that Europe is indefensible.

In reply to several questions as to what we can do to help Europe and reduce the strength of Russia, Dr. Oppenheimer said that probably the first thing is to stand as an example which will inspire those who are drifting toward a concept of neutrality. We must give back to France the hope that they gave to us and the rest of the world in the age of enlightenment. We must demonstrate that human life can be better. This calls for a new creative job which will be applicable to the twentieth century rather than to the eighteenth. Mr. LeBaron echoed the thought that we must have something new in order to stop going down hill. He suggested that the people must come to this conviction by themselves. Dr. Oppenheimer said that the basis of that conviction is an understanding of the facts, and that the facts must be placed in the public domain. Mr. LeBaron said that it was dis-

couraging to note that those who have been working with these facts and trying to find an answer for four years now seem to have less hope than those who have not. Dr. Oppenheimer said that we will find the answer; the question is how much agony we have to go through beforehand. There is a strange paradox that at the end of the war the democracies who did not put their faith in force ended up with the greatest single condensed package of force. Our failure at that time was to make clear wherein lies our real strength. Mr. LeBaron suggested that we can still make a clean breast of it, and Dr. Oppenheimer agreed, emphasizing that it will require eloquence, forceful expression, and delicacy. The first thing, in any event, is to make an understandable, honest statement with no sugar-coating. We must have more political stability and we must have more diversity of strength, but in addition we must have more recognition of what we are. An act of honesty of this nature will represent more than just giving out information; rather it will be an act that is typical of the United States and it may have results which no one can foresee.

With specific reference to making the facts known to the public, Dr. Oppenheimer suggested that the drawing up of the speech or document, or whatever was necessary, would require the full-time services of a highly qualified group, and he suggested that perhaps a group of people of the sort whom we are probably planning in any event to have in as consultants would be the most helpful. He specifically mentioned Messrs. Grenville Clark,⁸ John Lord O'Brian,⁹ James B. Conant, and John Dickey.¹⁰ He suggested further that we might say to such a group that the facts which have resulted from our study are grim. We may have missed something or we may have seen something from the wrong angle, but here are the facts as we have developed them and your task is to prepare them for presentation to the American people.

The above represents the general train of Dr. Oppenheimer's thought as brought out in this meeting and the paragraphs below are, while relevant, of a more specific nature.

Dr. Oppenheimer expressed the belief that we were over-doing secrecy in the American Government with regard to technical information and that it would have a great effect if we were to make more technological information available so long as it was not of prime

⁸ Lawyer; Chairman of the Citizens Committee for National War Service, 1944-1945; Vice President, United World Federalists.

⁹ Lawyer; General Counsel, Office of Production Management and successor organizations, 1941-1944.

¹⁰ President of Dartmouth College; Director of the Office of Public Information, Department of State, 1944-1945.

military importance. Mr. LeBaron said that he had discovered no intent on the part of the military to keep anything secret except with regard to weapons and that, for example, we should certainly open low energy piles up to anyone who wanted them. In response to a specific question as to what kind of information he would advocate giving the Dutch, for example, he said that in the first instance it would be technical information but that what he had in mind was the fact that in an intellectual atmosphere freedom of information plays a great part.

In a discussion with Mr. LeBaron, Dr. Oppenheimer stated that we may find that in the next eight years our eastern seaboard is quite vulnerable to attack and that one of the things perturbing the American people for the first time is the fact that their country is or may shortly be vulnerable to direct attacks from an enemy in the event of war.

Dr. Oppenheimer expressed some skepticism about the Russians having gotten very far on the H-bomb. In response to a specific question, he said that if they had been able to make any advances on the basis of information given them by Dr. Fuchs¹¹ they were marvelous indeed.

He stated also his belief that there was more than a difference of degree between killing 10 people and 10 million and that it was very definitely a matter of morality. In this connection, he recalled that Mr. Stimson¹² had doubts about our fire-bombing Tokyo.

In response to a question from Mr. Halaby about the Russians using their possession of the atomic bomb as a form of blackmail on the Western Europeans, Dr. Oppenheimer said that we should, of course, keep it for reprisal in any case. General Landon pointed out that in the field of conventional armaments we are outnumbered and that if we looked to the Germans to make up this lack on our part, we may find that we have only raised another problem of equal intensity. Mr. Nitze referred to the particular advantages of surprise attack in atomic warfare and suggested that there may be a balance at the present between our moral restraint on the one hand and the fact that the Russians have fewer bombs on the other. Dr. Oppenheimer agreed that all of these were very pertinent questions and ones which should be carefully studied in the paper. Mr. LeBaron said that looking at these facts, particularly the fact that we are outnumbered, and trying to answer the question of how we defend ourselves, one comes to the answer that you must multiply our smaller number of men by technological skill, and that the present logical conclusion of such a formula

¹¹ The Fuchs case is discussed in the editorial note on p. 524.

¹² Henry L. Stimson, Secretary of War, 1940-1945.

is atomic weapons. He suggested that the ultimate horror is not so much death by this or that weapon but simply the fact of a conflict for survival. Dr. Oppenheimer replied that such a formula left out the important element of the good opinion of mankind. He said that we must believe in ourselves without talking about it so much.

Mr. Lay said that on the subject of international control our plan, as he understood it, is not simply designed to stop production of atomic weapons but also to open up the iron curtain. That is one of the ways we are trying to do it, and he asked if there were others. Dr. Oppenheimer said that while it may have been a visionary but certainly an interesting hope in 1945, there is no chance today. Our present position is very hard to maintain and we have no bargaining point[s] left. He said further that one of the important questions on this general subject was that, given a desire on the part of the Russians to get rid of the atomic weapon, under what conditions would it also be in our interest to do so? Mr. Nitze said that another of the pertinent questions is, who controls the controllers? He pointed out that if the European land-mass came under Communist control, we should no longer have a free majority to constitute the control body; and in order to avoid that, we must have, in the last analysis, freedom of movement and thought. In response to Mr. Arneson's question as to the tolerable limits of freedom of movement, Dr. Oppenheimer said that this obviously required more study but that it seemed to him to have been thought of to date only in terms of absolute security. Mr. Arneson suggested that in the last analysis we may find that we have to drive out the rulers of the Kremlin completely. Mr. Nitze suggested that ours should be a search for a reasonable gamble and pointed out that the eight points mentioned in VIII of our paper obviously amounted to less than our ultimate objective.

Mr. Halaby asked if Dr. Oppenheimer had any explanation for what appeared to be a sort of delayed catharsis in the public's mind between September and January both in this country and in Europe, to which the latter replied that at first glance the people might have seen it as a situation calling for no particular action and in any case no particular action occurred to them. He also added that the announcements were pomaded with statements that this new development really didn't mean very much.

Dr. Oppenheimer suggested tentatively that the Soviets might be planting information with us to give a false impression of their strength, and Mr. LeBaron and General Landon said that they did not agree that our estimates were overly pessimistic or based on false information.

In answer to a question from General Burns as to whether Dr. Oppenheimer believed that Communism bears within itself the seeds of its own destruction, the reply was that probably, yes; but, of course, the main question was the matter of time. Dr. Oppenheimer said that he thought time was well worth playing for but he expressed some doubt as to whether this destruction would occur prior to a war. He suggested that there were millions of people in the Satellite countries who were yearning for war as the only way that they can now see of escaping Soviet bondage.

With regard to the H-bomb, he thought that the preferred Russian means of delivery would be either through ships in our harbors or rockets launched from submarines, and that strategic bombing with the H-bomb would definitely have third priority although the order might very well be reversed for the A-bomb.

[Annex]

Outline of Draft Report

[WASHINGTON, February 27, 1950.]

TERMS OF REFERENCE

- I. Backgrounds of the Present World Crisis.
- II. Fundamental Purpose of U.S.
- III. Fundamental Design of the Kremlin.
- IV. The Underlying Conflict in the Realm of Ideas and Values Between the U.S. Purpose and the Kremlin Design.
- V. Soviet Intentions and Capabilities—actual and potential.
 - A) Political
 - B) Psychological
 - C) Economic
 - D) Military
- VI. U.S. Intentions and Capabilities—actual and potential.
 - A) Political
 - B) Psychological
 - C) Economic
 - D) Military
- VII. Present Risks.
- VIII. Possible Courses of Action.
- IX. Recommended Measures.

Policy Planning Staff Files

*Record of the Meeting of the State-Defense Policy Review Group,
Department of State, Thursday, March 2, 1950, 3 p. m. to 5 p. m.*

TOP SECRET

Present: Department of State

Paul H. Nitze

R. Gordon Arneson

Adrian S. Fisher ¹Joseph Chase ²

Department of Defense

Major General James H. Burns

Major General T. H. Landon

Najeeb E. Halaby

Lt. Colonel William Burke

National Security Council

James Lay

Harvard University

Dr. James B. Conant ³

On page 4,⁴ Dr. Conant raised the point as to whether we had considered the fact that in World War III, we might, in winning the war, lose our freedom. In his opinion, we were faced with taking a series of calculated risks. He suggested that we outline our position in Europe and what the loss of Europe might mean to us. He emphasized that we might be risking freedom in order to secure the survival of what he called "our national destiny". He defined "our national destiny" as involving, in the order of importance—1) freedom, 2) independence, 3) our people, 4) our industrial plant. He further suggested that we might define the minimum of freedom we must maintain and also that we try to answer the question as to what in the way of independence we must hold outside of the United States, particularly in the United Kingdom.

Dr. Conant agreed in general with page 5.

Regarding Section IV, Dr. Conant had a strong conviction that the sights we set were much too high. He was particularly disturbed by page 11, where mention was made of the objective of restoring

¹ Legal Adviser, Department of State; General Counsel, United States Atomic Energy Commission, 1948-1949.

² Staff member, Office of the Under Secretary of State.

³ President of Harvard University; Member of the General Advisory Committee of the United States Atomic Energy Commission.

⁴ The working draft under consideration has not been specifically identified. For the final version of the study, NSC 68, April 7, see p. 235.

freedom to the victims of the Kremlin. This was much too large a task. He thought that a mistake had been made in intermingling long-range with short-range objectives. The same thing was true regarding the objective of bringing about a change in the Soviet system. He much preferred a phrase such as "living with the Soviet Union on tolerable terms", which had appeared in an earlier draft of Section IV. He suggested that for the next 20 years our objective should be to live on tolerable terms with the Soviet Union and its satellites while avoiding a war.

Mr. Nitze pointed out that these objectives were in fact our long-range ones and were distinguished from possible negotiating objectives for the short-range period. He further stated that we, in the United States, had a commitment in the form of the peace treaties to striving for the long-range objectives.

Dr. Conant pointed out that if our objective is to democratize everyone, then our war objectives become something different; that is, unlimited rather than limited. He agreed with the analysis of the calculated risk involved at the bottom of page 13, and emphasized that we must have more limited objectives for the next 20 years.

Dr. Conant agreed with the first paragraph on page 15, but again pointed out that the program was too ambitious as regards the satellites. Regarding the question of the use of force by the Soviet Union or, putting it another way, would the Soviet Union try to "get" France now, Dr. Conant believed that a far greater danger might be a series of coups *à la* Czechoslovakia.

Mr. Nitze stated that recent Soviet military literature refers consistently to the Red Army as a precursor of revolution. We are in the position of being unable to prove either that the Soviets would or would not use force. Dr. Conant raised the same question in connection with Section V as a whole.

Dr. Conant then wondered whether any analysis was made here of the offensive as contrasted with the defensive characteristics of Russian fighting ability. They have shown themselves fanatical defenders in the past. He wondered whether ideologically they could be as fanatically aggressive. Would the average Soviet soldier fight in order to spread Communism?

General Landon stated that this was a point that was constantly discussed in the military and had been in an earlier draft. It was suggested that this point might be worth a section.

Dr. Conant suggested that the same thought, namely, would the Soviet soldier fight as well abroad as at home, was pertinent in Section V(D); perhaps even more pertinent here than in V(C) above.

Dr. Conant put great emphasis on the "1960 hope", as developed on page 3 of V(D). He raised the question whether that date might be considerably advanced.

Regarding the section on intelligence, Dr. Conant admitted that he was wrong himself in his guess as to when the Soviet Union might have the first bomb, his feeling being that they would have it sometime between five and fifteen years after the war. He wondered whether the estimates regarding the atomic and hydrogen bomb potentialities might not be suffering from over-compensation. He could not help but believe that the H-bomb capabilities were far too optimistic. He ended up by stating that he had strong reservations on paragraph 7 and enormous reservations on paragraph 8 estimates.

At the top of page 4, he believed that we had made the assumption that we would not be doing much to oppose Soviet advances and suggested that we might emphasize this point by introducing the paragraph with "Depending on what we do, they might. . . ."

General Landon stated that the "1960 hope" was based on the present program unaltered. Dr. Conant felt that this was very good because this makes it more than a hope. We could do something to bring it closer.

In Section VII, Dr. Conant agreed that nobody can say that the Soviet Union won't strike now. He also agreed that anything that we do prior to 1960 may increase the risk and that what we have here is a series of calculated risks.

Mr. Nitze stated that if we do nothing, there are risks involved. If we do something, the risks may increase. Dr. Conant agreed and stated that decisions made now for 1960 may increase the risks in the interim and emphasized that war in any form would jeopardize our objectives and, furthermore, might bring about annihilation.

Under Section VIII(B), Dr. Conant questioned the phrase "forces required for victory", since we have not yet indicated what victory is. If victory consists in liberating peoples in the satellite countries, that is one thing.

Mr. Nitze pointed out that we have in mind the objectives in peace and in war outlined previously. He further pointed out that we must capitalize upon the desire of the Poles, etc. for liberation. A purely defensive objective may deny us their assistance. Dr. Conant stated that the long range Utopian objectives are in reality the cold war objectives in time of peace and the war slogans in time of war. He again argued for a 20-year containment on present lines, without a war, as a realistic objective.

Dr. Conant again queried how far we should go in getting victory. Should we crack the monolithic Communist party control? He did not

like the phrase "restore freedom" and also "choosing own governments". This latter is an Anglo-Saxon phrase and does not apply to countries whose peoples are not free agents. Mr. Nitze suggested that a free election in Czechoslovakia would result in a government different from the present one. Dr. Conant argued that a very favorable case had been selected. Unless the United States stays in Europe, there is no one there who can be a free agent. He pointed out that French intellectuals are not writing anything at the present time that would be held against them if the communists took control. He felt that our war objectives should be confined to containing the Soviet Union. The one thing we must not lose is our own freedom. It was for this reason that he was against the unthinking supporters of world government or a strong United Nations.

Mr. Nitze stated that if we had objectives only for the purpose of repelling invasion and not to create a better world, the will to fight would be lessened.

Dr. Conant still feared that we might lose in the United States by such a program. He would prefer to negotiate on atomic energy control and other matters after a limited-objective war. He continued to be worried at the over-ambitiousness of the overall objectives. In the next 30 years, the most that we can hope for is to win any possible war. He feared that if we put our eyes on more than this we might lose all.

Mr. Halaby asked whether the possibility of a decay in the Soviet system entered into Dr. Conant's thinking. Dr. Conant agreed, stating that by 1980 their absurdities and static system would cause them to grind to a stop. He repeated that if we can hold what we have, especially the United Kingdom, and avoid war, then the competition between our dynamic free society and their static slave society should be all in our favor, or if not, we deserve to lose. By that time, Russia may Balkanize or Byzantinize itself.

We must avoid a war but must ask ourselves what is the minimum amount of land that we must hold. Can we afford to give up Finland or Indo-China? Perhaps, yes. But France would be another matter because that could effectively neutralize the United Kingdom. We cannot bargain away any of these areas, but we must decide on a line that they cannot cross. Mr. Nitze indicated that the Atlantic Pact indicates the present line, which might also include Turkey.

In Section VIII, Dr. Conant thought that more emphasis should have been placed on strategic bombing as part of the analysis of our present course. He agreed that there were strong cases against continuation of the present trends, against a preventive war, and against isolationism.

In connection with page 12 of Section VIII, Dr. Conant asked why we should not try to negotiate. He did not see that failure might increase the chances of war. Mr. Nitze pointed out that failure might bring things to a head too soon and might increase the risks of war. Dr. Conant agreed that that might be true as far as we are concerned, but doubted that the Soviets, with controlled public opinion, would be equally affected. Dr. Conant argued that while there was little hope for a general settlement within the next ten years, the program for the "1960 hope" would be costly, and if a clear-cut attempt at a general settlement were made, it might put the Soviet Union in a hole in the cold war, and that failure to arrive at a settlement would be a very strong argument for the necessary sacrifices on the part of the United States. He emphasized that such an attempt would be a powerful weapon in the cold war and could very well be bilateral.

Mr. Nitze pointed out that the stakes were very high. What we were trying to do was to buy 30 years of peace, and we should not use an attempt at a general settlement for propaganda purposes only, especially since the failure might increase the chances of war. Dr. Conant suggested that perhaps our general settlement of negotiating objectives were too ambitious also.

In VIII(B), Dr. Conant questioned the role of air superiority and indicated great skepticism on the effectiveness of air bombing. Regarding agreement on effective atomic energy control, Dr. Conant doubted whether the United States itself would accept such an agreement now. He suggested that agreement on full information might be a step forward and might be an item in a negotiation. The atomic bomb is a bad weapon from the United States point of view.

He was very dubious of any peaceful uses from atomic energy and suggested that perhaps a conference with the Soviet Union on this latter point might be useful, both in the sense that we would be continuing talks and also it might clear up the confusion regarding peaceful uses.

Mr. Arneson questioned the usefulness of any piecemeal approach and further pointed out that we may be in too weak a position to carry on real negotiations at this time. Dr. Conant stated that perhaps piecemeal approaches could be used for the purpose of stalling. It was pointed out by several that both the Soviet Union and the United Kingdom took a Utopian view of atomic power, which would be a factor in any such discussion. Dr. Conant pointed out that this is one aspect that could be discussed on its scientific merits.

Dr. Conant felt we should concentrate on moving up the 1960 date, perhaps by cutting back on strategic air power and putting more emphasis on land forces and tactical airpower. He believed we would

be better off if we had one million more men under arms rather than more air power. He thought we should put more stress on the defense of the U.K. and consider stationing U.S. troops there.

General Landon said that we are forced to rely on all possible technical supremacy in order to overcome superior manpower. He pointed out that the U.K. is more vulnerable to bombing attack than either the Soviet Union or the United States. Furthermore, we might not need the U.K. as an advance base for 1960. At the present time, we can hurt the Soviet Union only by air power, and even in 1960 we can hold in Europe only with air support.

It was agreed that it was very desirable to advance the 1960 date by the training of either European or U.S. troops, or both.

Dr. Conant wondered whether we might seek agreement to prevent surprise attack by atomic weapons. Agreement on a fully effective plan is very remote. He wondered whether we might negotiate some scheme whereby we might get 30 days' warning and delay in launching an atomic blitz.

General Burns asked whether enough bombs dropped on the Soviet Union would force them to surrender. Dr. Conant did not believe so. He questioned deliverability. There was some question as to whether any scheme could possibly give more than 24 hours of warning, which might be of but little help. It was agreed that the United Kingdom was very vulnerable to an atomic blitz. Dr. Conant, however, could not see how either the Soviet Union or the United States could be blitzed into suing for peace. Both can perhaps be de-industrialized, but he wondered who was going to sue whom for what. Mr. Nitze pointed out that the crucial point was control of the air.

Dr. Conant felt that in order to end the cold war and with the objective of both holding Western Europe and avoiding a war before 1980, we might take action insuring the following:

1. More money for Marshall Plan aid
2. More military assistance
3. One million more men in the United Kingdom and in Europe
4. Keeping the seas open, especially against submarines
5. Building up defenses
6. Not wasting our substance on too many new weapons
7. Attempting negotiations on a new basis regarding conventional armaments and atomic weapons, not on the theory that agreement will be reached, but that we would worry the other fellow and also help push the program of the United States.

Regarding negotiations, he thought that a mistake had been made by negotiating in the United Nations and emphasized the desirability of bilateral negotiations. He pointed out that we cannot win by trading queens, and that by 1980 the Soviet Union may realize this also.

Dr. Conant stated that he was not disagreeing too much with the papers as a whole. He only felt that the Utopian objectives should not be so much in the foreground and that more emphasis should be placed on negotiating in the interim. He felt that our strengthening should be more than having more strategic bombers, and cautioned against forgetting the United Kingdom. He pointed out that the uncertainty of success of any attack in advance of being tried may be a real deterrent. He put the value of avoiding war very high and emphasized the need for substitutes for strategic bombing.

Mr. Nitze pointed out that we needed at present to equalize the large army (of the Soviet Union). We needed something in order to equalize the existing equation. Dr. Conant stated that by 1960 we might be in a position to indicate that we would not use atomic weapons except for retaliation if the Soviet Union were to start a nonblitz war.

Dr. Conant emphasized that the program for speeding up 1960 requires both education and legislation. Mr. Nitze stated that we must build up our non-atomic strength in order to give us a chance at negotiation. Dr. Conant agreed, but repeated that direct and bilateral negotiations with the U.S.S.R. were needed in order to get U.S. support for the things that had to be done. He pointed out that the United Kingdom was scared and the French intellectuals were paralyzed. With the hydrogen bomb in the picture, we must also be more secure in the United States. The worst possible period would be when we acquire knowledge of a successful development of a hydrogen bomb. However, he was optimistic regarding U.S. morale in case of war and did not assume that the Soviets would have one by 1960 unless we too had one. In the case of the hydrogen bomb, the carrier is the main problem, and he still questioned its technical feasibility as a weapon. Even with hydrogen bombs, a 30-day warning was still desirable.

Regarding a point made by Mr. Arneson that it is almost impossible to negotiate with the Soviet Union because of the propaganda angle, Dr. Conant pointed out that we had the Atlantic Pact, which can be strengthened. In the U.N. we could continue to examine and debate. If we also approach the Soviet Union bilaterally and they "spill the beans", we could use it against them by stating that we were trying to do everything we could to prevent a super-blitz.

Mr. Halaby asked whether there were any doubts that we must lead from material strength. Dr. Conant said no, but that depends on what is meant by strength. He emphasized that the greatest danger we face was the morale of the United Kingdom and French leaders, which was not being helped by current attempts to cut Marshall Plan aid.

661.61/3-350

Memorandum of Conversation, by the Secretary of State

TOP SECRET

[WASHINGTON,] March 3, 1950.

Mr. Bernard M. Baruch¹ called upon me today. The call was arranged in the following way. The Secretary of Defense telephoned to me to say that General Bradley² and Under Secretary Early³ had been staying with Mr. Baruch in South Carolina. During their visit Mr. Baruch expressed his desire to give me certain information relating to conversations which he had had with Mr. Gromyko.⁴ Secretary Johnson thought that it would be advisable for me to see Mr. Baruch. I said that I would be glad to see him and the meeting was therefore arranged.

The Gromyko Matter:

Mr. Baruch began with a lengthy discussion of his relationship with Mr. Gromyko, with whom he had been thrown in close contact during his service on the Atomic Energy Commission of the United Nations.⁵ He and Mr. Gromyko had established friendly relations, even though they had violent public disagreements as to policy. Mr. Gromyko continually expressed the view that the United States was making no effort to reach agreement on the control of atomic energy or the atomic bomb and repeated an alleged observation of Marshal Stalin that the United States never gave the Soviet Union anything which could cause it to make concessions in any area. At one point Mr. Baruch stated to Mr. Gromyko his belief that if he could see Marshal Stalin he could convince him of the error of his views in this and other matters. After some general conversation in which Mr. Gromyko said that Mr. Baruch was regarded in Russia as an enemy of the Soviet Union, Gromyko decided to consider the matter further. Later on he informed Mr. Baruch that he could have a visa for the Soviet Union and that he could talk with any of the government officials that he wanted except possibly Marshal Stalin, although that matter would have to be decided later on. He could also go where he wished.

Mr. Baruch said that he had the question of the propriety of his going put up to Secretary Marshall⁶ although not directly by Mr.

¹ United States Representative to the United Nations Atomic Energy Commission in 1946.

² Gen. Omar N. Bradley, Chairman of the Joint Chiefs of Staff.

³ Stephen T. Early, Deputy Secretary of Defense.

⁴ Andrei A. Gromyko, Soviet Deputy Foreign Minister; Soviet Representative at the United Nations, 1946-1948.

⁵ For documentation on negotiations in the United Nations Atomic Energy Commission during 1946, see *Foreign Relations*, 1946, vol. 1, pp. 712 ff.

⁶ George C. Marshall, Secretary of State, January 1947-January 1949.

Baruch, and was told by Secretary Marshall that he was in favor of the trip. Mr. Baruch was going to Europe in any event in the summer of 1948. He went to Europe, Mr. Gromyko telling him that the visas would be provided by the Russian Embassy in London or in Paris. In London he discussed with Ambassador Douglas⁷ the advisability of going both to Russia and to Berlin and, according to Mr. Baruch, Ambassador Douglas dissuaded him from both efforts. He therefore returned to the United States, informing Mr. Gromyko that unfortunately for reasons of health he was not able to continue his trip. Gromyko assured him that he could have the visa at any time.

Mr. Baruch said that he had thought of going in 1949, but had decided against it and, of course, the question arose as to whether he should go in 1950. He said that he was inclined to believe that the situation had considerably changed, but that there was little likelihood of any benefit resulting from the trip. He said he thoroughly agreed with various statements of mine which he had seen in the press regarding our relationships with Russia and was, therefore, inclined not to go. I said that it seemed to me that his conclusion was a sound one.

Intelligence Evaluation:

Mr. Baruch said that in his judgment the great lack at the present time was a sound system for intelligence evaluation. He discussed this matter as though the CIA did not exist and said that at the present time we had separate services, Treasury, State and Defense, for the evaluation of separate intelligence. This matter should be corrected. His idea of correcting it was to add to the National Security Council some persons in private life who could spend full time on evaluating information and advising and helping members of the Council reach sound conclusions. Such men should not include persons like General Eisenhower,⁸ who has presidential ambitions. General Marshall would be an ideal member; Mr. Charles Wilson⁹ would be another. These men would not only be invaluable in preparing complete evaluation of information; they would add the great prestige of their advice and conclusions of the Council reached with their advice would be quite irresistible so far as the Congress was concerned.

The Cold War:

In Mr. Baruch's opinion, we are losing the cold war. This requires a complete review of our entire situation vis-à-vis the Russians. One of the purposes of coming to see me was to urge that such a complete

⁷ Lewis W. Douglas, Ambassador in the United Kingdom since 1947.

⁸ General of the Army Dwight D. Eisenhower, President of Columbia University.

⁹ Reference is presumably to either Charles Edward Wilson, president of the General Electric Company, or Charles Erwin Wilson, President of General Motors Corporation.

review should be made. In addition to such a review, we need immediately to establish on a sound basis industrial mobilization. This would be a very powerful factor in the cold war.

In conclusion, Mr. Baruch said that he had hesitated to burden me on account of the great demands on my time, but that Mr. Early and General Marshall had urged him to come to see me. I expressed my pleasure at the opportunity of seeing and talking with him and my gratitude for his advice and help and assured him that I would give his recommendations the most careful thought.

D[EAN] A[CHESON]

611.00/3-650

*Memorandum by the Assistant Secretary of State for Public Affairs (Barrett) to the Under Secretary of State (Webb)*¹

CONFIDENTIAL

[WASHINGTON,] March 6, 1950.

Subject: Public Reaction toward Possible Adoption of Stronger Foreign Policy

Here is the report from the Division of Public Studies on current public attitudes.

May I say that talks with a number of Congressmen in the last few days, who have told me about their mail, underscores my belief that there is increasing public pressure, which could become dangerous, for some sort of bold action.

E[DWARD] W. B[ARRETT]

[Annex]

Memorandum by the Director of the Office of Public Affairs (Russell) to the Assistant Secretary of State for Public Affairs (Barrett)

CONFIDENTIAL

[WASHINGTON,] March 6, 1950.

Subject: American Public Attitudes toward Possible Adoption of Stronger U.S. Foreign Policy Measures

Extensive study of public comment in press and radio, of the positions taken by major national organizations, and of the findings of public opinion surveys indicates the following cardinal features of American opinion on the possible adoption of stronger U.S. measures.

A. Broad Aspects of Opinion on Stronger Measures

1. The great majority of Americans are convinced that the United States must pursue an active policy in world affairs. There is no evi-

¹ A handwritten notation on the source text indicates that this document was read to the Secretary of State.

dence of any significant reversion to the pre-war belief that America could escape a leading role in international affairs.

2. The American people are prepared for a period of protracted tension in East-West relations; yet they desire their government to take every initiative which offers a possibility of relieving the mounting tension.

3. Reaction to recent statements by the President and Secretary of State shows that there is a powerful segment of American opinion which feels it is futile to expect dependable agreements with Russia at this time. Nevertheless, the proposals of Senator McMahon and other public figures have given strong impetus to a widespread desire for the U.S. to try "new approaches" and to express more vigorously America's objectives for peace—at least "for the sake of the record".

4. The overwhelming majority of Americans believe that the United States must continue its efforts to stop Communist expansion, since such expansion tends to make war more likely and effective defense more difficult.

5. Most Americans are willing to consider a wide range of possible measures to halt Communist expansion; but few would go so far as to support a "preventive" war.

6. However, a notable segment of American leaders would be concerned lest stronger measures against Communist expansion should over-extend our resources or should be unduly provocative to Russia.

B. *Factors in Acceptance*

1. Public acceptance of any given proposal depends upon the degree to which the public is convinced that the situation actually requires U.S. action.

2. Public acceptance will largely depend upon two further factors in public opinion: *a*) the amount of personal sacrifice entailed; and *b*) the extent to which U.S. security is thought to be involved—often measured in terms of geographical propinquity or of historical association.

3. Public acceptance, in addition, depends on the evidence the public sees that the measures will be reasonably *effective* in accomplishing their purpose. For example, the Marshall Plan has been strongly supported since 1947 because the preponderance of the evidence indicated that the Plan *would work and was working*. On the other hand, the military assistance program has to date been accepted less widely and less enthusiastically—partly because the public has not been convinced that the program offers an effective solution to the North Atlantic security problem.

4. Some public resistance to the idea that new burdens are required may result from: *a*) the cumulative effect of earlier sacrifices; *b*) the

feeling that the Government has not sufficiently considered alternative solutions, has not sufficiently consulted with leaders of Congress and the public, and has not published adequate information for independent judgment.

C. *Current Support for Past Measures*

Some indication of the probable public reaction to stronger measures for preventing Communist expansion can be gained from analysis of the relative support accorded past measures:

1. More approval is given to diplomatic moves and declarations against Communist expansion than to economic and military programs.

2. There is a current demand for a positive U.S. policy to stop Communist expansion in Asia; but large-scale economic and military programs for Europe are receiving much greater support than comparable measures for Asia. Relatively little discussion has been given to the disposition of the \$75,000,000 for military aid in the China area.

3. Economic aid has greater approval than arms aid—both in the case of Europe and in that of Asia.

4. The North Atlantic Pact enjoys overwhelming public support. But at the present time actual federation of the U.S. and Western Europe is positively favored by only a few editors and 1 out of 5 Americans.

D. If new proposals to combat Communist expansion involve higher taxes and a more unbalanced budget, Americans may be expected to give special scrutiny to the reasons setting forth the need for them. But there is support for next year's ERP budget and any sums regarded by the public as needed for the defense of the United States.

F[RANCIS] H. R[USSELL]

700.00/3-750

*Memorandum of Conversation, by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (McGhee)*¹

CONFIDENTIAL

CAPE TOWN, March 7, 1950.

In an after dinner conversation of about an hour and a half, General Smuts² presented his views on Africa and the world scene which may be summarized as follows:

¹ Assistant Secretary McGhee attended the American Consular Conference of United States diplomatic and consular officers held in Lourenco Marques, Mozambique, from February 27 to March 2. McGhee transmitted this memorandum of conversation to Secretary Acheson in a letter from Cape Town dated March 7.

² Field Marshal Jan Christiaan Smuts, Prime Minister of the Union of South Africa, 1939-1948.

In General Smuts' view the present world situation is very serious, more serious than at any time in his career which has seen the world in various vicissitudes. We face one of the real crises of history. The only hope for the world today is in the West, which has borne the burden of world responsibility for hundreds of years. The West can survive only if the Western nations will work more closely together. This cannot be achieved through the United Nations which, in his view, has been rendered ineffective by Russia. He does not, moreover, believe that any closer political union among the Western Powers is the answer, since this would serve to aggravate the fundamental national differences which exist. In his view the best results can be achieved through closer economic cooperation as separate political entities

In this effort the General believes that all the free European countries can play a part. Even the small countries can, because of their particular situations and capabilities, make a contribution. The United Kingdom can make a contribution, but not so much under the Labor Government as it could under Churchill.³ The Labor Government is so preoccupied with the creation of the welfare state that it fails to appreciate the true nature and seriousness of the world crisis. It has turned its view inward and has deprived its people of their energy and initiative at a time when they are most needed. The burden of the struggle must therefore rest principally upon the United States, even though the rapidity with which these responsibilities must be assumed raise difficult problems of assimilation. In the General's view United States efforts in the postwar period, particularly the role that the United States played in Greece, shows that she is capable of meeting these responsibilities.

With a loss of a part and perhaps eventually all of Asia, the West must look more to Africa to make up for the resources lost, in preparation for the eventual struggle with Russia which the General considers more or less inevitable. In this struggle manpower and resources will play an important role. Africa, although not rich in good agricultural lands, has untold mineral resources including the ferroalloys, coal and uranium. Africa should be developed as an appendage of Europe with the European peoples taking the lead. The African native has shown individual capability, however, the natives do not have the drive which is a characteristic of Europeans. The native is content with life. There is at present no serious menace of Communism in Africa and there are no other seeds of instability which cannot be coped with in our lifetime. There is ample time to build on Africa as a base.

³ Winston S. Churchill, British Prime Minister, 1940-1945.

General Smuts believes that America can play an important role in Africa. American private investment is required for the development of the Union of South Africa and is welcomed. Through the Point Four program America should be able to make valuable technical contributions, particularly in the field of transportation, which he considers the paramount need, and in mineral surveys.

The problem of the Indian in Africa is, if anything, greater than the problem of the African native. They are present in large numbers and are still immigrating and increasing. Their economic strength is in even greater proportion than their numbers. They are a grim and tireless people who maintain their separate Indian identity and are disliked by the native. The General believes that India itself has too many internal problems to be an aggressive force.

In General Smuts' view there is no present basis for a new approach to Russia. President Truman is right in the stand he has taken in this respect. Mr. Churchill's position to the contrary was taken for political reasons.⁴ Any overtures on the part of the West at this time would be considered a sign of weakness by Russia. Only when there is some fundamental change in the situation, which will come perhaps through some break-up of the unwieldy structure Russia has created, would a new approach be possible. Russia appears to have put her major offensive effort into the East where she has been highly successful and which is open to her. Russian efforts in the West appear to be only minor skirmishes.

In the General's views the forces at play in the Far East are still beyond the control of the United States and the West. He was convinced of this at the time General Marshall's mission failed to achieve its objective in China.⁵ By and large we can do little but sit and wait. Even if Southeast Asia falls to Communism, and the prospects of this are enhanced by the strong Chinese minorities in many countries and by the large Chinese Army which must be kept on the march, the General feels that there will ultimately be a break-up in the area of Communist domination, possibly through economic failure. If such a break-up occurs a condition of anarchy and chaos may exist for an extended period during which no outside efforts would be effective. The Asia we have known was largely run by Europeans, as in the case of India and even in China. There is no proof that the new leaders can hold these countries together.

⁴ In an election campaign speech at Edinburgh on February 14, Churchill had suggested a United States-United Kingdom-Soviet Union summit meeting to consider international control of nuclear weapons.

⁵ For documentation on the mission to China of President Truman's Special Representative, General of the Army George C. Marshall, December 1945-December 1946, see *Foreign Relations*, 1945, vol. VII, pp. 745 ff.; *ibid.*, 1946, volume IX; and *ibid.*, vol. X, pp. 1 ff.

India is a source of special concern to General Smuts. He is pessimistic about the future of India. The present leaders of India are really like Europeans and he is not sure that they have any real hold on the people. In the present circumstances there is little that America can do to help except to be friendly. There is no solution to the problem through outside economic assistance. If England could not do anything it is unlikely that America can. General Smuts has some concern over South America, particularly the Argentine, as a potential source of weakness and as a possible opening for Communist infiltration.

Policy Planning Staff Files

*Record of the Meeting of the State-Defense Policy Review Group,
Department of State, Friday, March 10, 1950, 3 p. m. to 5:30 p. m.*

TOP SECRET

Present: Department of State

Paul H. Nitze

R. Gordon Arneson

George Butler

Carlton Savage

Harry H. Schwartz

Robert Tufts ¹

Department of Defense

Major General James H. Burns

Major General T. H. Landon

Mr. Robert LeBaron

National Security Council

Mr. James Lay

Consultants:

Mr. Chester I. Barnard ²

Dr. Henry D. Smyth ³

Note: Mr. Barnard and Dr. Smyth prior to the meeting had read the Study Group's working drafts through Chapter IX.⁴

A. Mr. Barnard liked the results of the group's work and said that it cleared up a number of things in his mind. He started off by making the following general observations and suggestions.

¹ Member of the Policy Planning Staff.

² President of the Rockefeller Foundation; Member of the Board of Consultants of the Secretary of State's Committee on Atomic Energy, 1946.

³ Member of the United States Atomic Energy Commission.

⁴ For the report in its final form, see NSC 68, April 7, p. 235.

1. He felt that there is probably more informal grapevine type communication between Russians in the U.S.S.R. than seems to be recognized by the paper. Mr. Nitze said that we recognized that in the paper as it stands now there is a tendency to over-estimate Russian strength and under-estimate Russian weaknesses, and that Chapter V is being redrafted with this thought in mind. In answer to a question from Dr. Smyth, he added that we have some specific suggestions to include as to what might be done to capitalize on Russian weaknesses.

2. Mr. Barnard said that he also felt that the paper under-estimates the economic potential of the United States in war-time; that we didn't even find out in World War II what this country could really do if pressed, and that people can always take more punishment than is expected of them.

3. He said that cohesion in our democracy is basic to United States security and that the government was going to need assistance in getting public support for the national effort which would be called for. This will be a difficult job for the government to handle alone, because of the emphasis on security and the atmosphere of secrecy in which the government works. He said that at the present time those who do most of the talking about the situation do not know the facts, and those who know the facts do not do much talking. As an example of what he had in mind, he pointed out that a proposal by the Administration to extend ECA beyond 1952 would be attacked on political grounds and the Administration would be accused of using scare-head tactics. He admitted that a greater part of the information needed to make decisions can be found in the press, magazines, books, and published documents, pointing out that the difficulty is that to those not on the inside it is extremely difficult if not impossible to know which things one reads in such sources are fact and which are fancy. He recognized the difficulty of making all information available to the public as a means of backing up the Administration's proposals, and suggested that this could be handled in another way. Specifically, he advocated setting up a group of five or ten worthy citizens of good reputation and high integrity who have no connection with the government, who would have made available to them all of the material on which the government based its conclusions, and who could then say to the people, "We are thoroughly advised and you can accept what we say." Such a group should be appointed by the President and confirmed by the Senate. It should have no strings attached to its right to make public its own conclusions. In response to a request from Mr. Nitze for names, he suggested General Eisenhower (so long as he remains President of Columbia, and whose military background would be an asset rather than a liability in that his presence in the group would inspire public confidence on the military recommendations); James B. Conant; Dr. Sproul, President of the University of California; a "sane, prominent churchman" (In this connection, he mentioned John Foster Dulles,⁵

⁵ Member of the United States Delegations to most regular sessions of the United Nations General Assembly since 1946; attended sessions of the Council of Foreign Ministers in 1945, 1947, and 1949; interim United States Senator from New York, 1949; appointed consultant to the Secretary of State, April 6, 1950.

if the latter's activities during the last couple of years did not exclude him); Charles Taft⁶ (if it were not for his brother);⁷ he also thought a representative of labor and of business would be sound additions, but only if they are not active; it might also be worth-while to have one woman, and in this connection he mentioned Mrs. Mildred A. Horton⁸ and Sarah Blanding.⁹

Mr. Barnard's last suggestion was heartily endorsed by Dr. Smyth, who felt that we stood in danger of losing public opinion through what he called security-minded narrowness, and he suggested that such a group might also make suggestions as to what facts could be made available to the public. He said he thought more things could be done by voluntary cooperation on the part of all citizens throughout the country without benefit of government orders if the proper atmosphere were created. Mr. LeBaron pointed out that Secretary Forrestal¹⁰ had appointed such a group and that they had great difficulty in agreeing on what facts could be made public, but he agreed with Mr. Nitze that our problem here was easier than the one facing that group as the raw material with which they were working was more in the field of secret weapons.

B. Mr. Nitze then brought up the general question of whether or not the United States could make a decision to build up its strength prior to attempting some sort of negotiations with the Soviet Union. Dr. Smyth said he could not see what harm would be done by attempting negotiations, even in the light of prior conviction that they would be unsuccessful. He suggested that unsuccessful negotiations would in fact clarify the situation for the American people. Mr. Nitze replied that we would like to see the kind of negotiations we have in mind succeed, and we felt that they would succeed only if we were able to lead from strength. Mr. Butler added that there were a number of dangers in opening negotiations before the public understands the situation. In commenting on Dr. Smyth's remark that the negotiations might be the quickest way of bringing about public understanding, Mr. Nitze pointed out that the Russians might offer a number of proposals which superficially would seem to be in our interest, such as a periodic inspection system to replace the Baruch plan, and that in rejecting them we would be increasing the divisive factors in the United States. Dr. Smyth pointed out that the public seems to think that the 1946

⁶ Lawyer and civic leader in Cincinnati, Ohio.

⁷ Senator Robert A. Taft of Ohio.

⁸ President of Wellesley College, 1936-1949.

⁹ President of Vassar College.

¹⁰ James Forrestal, Secretary of the Navy, 1944-1947; Secretary of Defense, 1947-1949.

plan was based on a United States monopoly and that it was proposed at a time when there was still some residue of friendly feeling toward Russia; now the public is told by its government that the UN plan is the one and only perfect plan and the only basis for negotiations. Dr. Smyth said that it must be made clear to the public that changes in conditions have created no change in the reasoning on which a plan was designed to meet those conditions. In the general discussion it was agreed that such changes in conditions as have occurred have probably been against our interests and that our present stand gives the appearance of an admission of weakness—which in fact it is. This led into an examination of the pros and cons of international control.

C. Mr. Nitze suggested consideration of the thought that if we could obtain implementation of the UN plan or its equivalent, we would still have a fair amount of security and we would have succeeded in opening up the U.S.S.R. Mr. LeBaron said that it might ease world tensions in general but that it would not improve our military position. From this developed a discussion of the advantages and disadvantages of the time element, i.e., that there would be a year's warning if a violation occurred. On the one hand, it was argued that we would be able to devote our technical skill to other things, and perhaps thus have time to improve our position militarily vis-à-vis the U.S.S.R. On the other hand, there was the opinion that under this concept the application of your technical skill would still be directed toward methods of killing people and that if you get rid of the bomb, the probable result would be to find some other method equally hazardous. Mr. Barnard said that he liked the concept of a package agreement but pointed out the dangers of "moral revulsion" among important groups of the country—scientists, churchmen, et cetera—against the H-bomb. Dr. Smyth mentioned an article which will appear in *Scientific American* which argues that what we dislike about the Communists is their means rather than the ultimate end which they profess, and comparing our objective with the H-bomb as a means. Mr. LeBaron stated that he found a great deal of difference between treating people as the Communists have Mr. Shipkov¹¹ and using the H-bomb after there has been a declaration of war. Mr. Nitze remarked that he felt it was not quite so simple and that for the Russian people the difference between conventional bombs and H-bombs may be more than a matter of degree. Dr. Smyth remarked in this connection that he particularly liked the paper's recognition that our objectives must

¹¹ Documentation on the detention and interrogation of United States Legation employee Michael Shipkov by Bulgarian authorities is scheduled for publication in volume IV.

be the same in war as they are in peace, something that he felt had not been very clear in the last two wars.

D. Mr. Nitze then asked what changes had taken place since 1946 which might technically affect the Baruch plan, and mentioned his understanding that the increased ability to process low-grade uranium ores affected the inspection parts of the plan. Mr. Arneson also pointed out that as the Russians now know how to make a bomb, the period of warning would be less. Dr. Smyth added that cores could be hidden in caves and that this was a risk which grows with time as more and more are produced. He agreed with Mr. Nitze that the H-bomb would enhance this factor as it multiplies the damage which could be done by hidden bombs, although there is a limit to the time during which they could be stored. He also pointed out that there is one advantage in the situation now as compared with 1946, i.e., we know that they have bombs and the means of producing them so that they cannot say they have nothing to inspect. Once we got people into these production centers whose existence would have to be acknowledged, it would be much easier to pick up leads about others. Mr. Barnard, in commenting that this would not help much in finding hidden plutonium, pointed out that it would be very difficult if not impossible to prove that our own military hadn't hidden some. Mr. Nitze then asked if it were clear as to what was now needed to build a reactor. Dr. Smyth said that large amounts of power would probably be needed for some time to come, although there was a possibility that in the not too distant future production plants might be able to produce their own power. He said that the unit itself need not be very large; and that although it would be possible to detect a processing plant, with great difficulty and tremendous cost due to the cooling problems one might conceivably be designed which could be concealed. There is no way of detecting diffusion processes by radioactive methods. In sum, the only sure guide for detection might be the presence of enough water for the cooling apparatus, which gave added emphasis to Mr. Nitze's statement that he was more worried about the ability of the Russians to produce more bombs clandestinely after a control system had been inaugurated than to hide some that they had already produced. Mr. Barnard said that he was now highly dubious whether one could tell the American people that an agreement solely on atomic control would mean much in the way of security and that he did not think that he would want to lend his name to such an assurance. Mr. Lay pointed out that, aside from the technical aspects, you would still gain the political advantage of opening up the U.S.S.R.

E. Dr. Smyth raised the question of UN control of weapons through its own police force in ownership of bombs and the means of produc-

ing them. Mr. Nitze pointed out that this raised two questions to which satisfactory answers have never been obtained: (a) How does the UN act as a sovereign entity and (b) where would the UN keep its bombs and plants? The discussion then turned to the question of whether or not it was possible to stop technological processes or even to slow them down. Mr. LeBaron pointed out that no one could predict the ends of technological progress fifty years ahead, although he agreed with Dr. Smyth's general statement that there is "no foreseeable peacetime uses of atomic energy". Mr. Nitze pointed out that one suggestion was to declare a moratorium on atomic progress and Dr. Smyth added that it seemed to him to be a matter of foregoing future possibilities temporarily in order to get control, and that this idea had even more merit since the H-bomb entered the picture. He agreed that scientific progress was a reality but said that it was also a reality that the Russians are on the same globe with us, that we both have these weapons and that we must find some way of living with each other. Mr. LeBaron suggested that the question boiled down to a decision as to where to expend one's energies, and Mr. Nitze took the position that we can't abandon either line. On the one hand, the chances of coming to an agreement on this matter are slim indeed and extremely difficult to realize. On the other hand, the fact that we and the Russians are mutually building up greater and greater force is not necessarily a deterrent to war and may be a most dangerous road. In our own case, there is the danger that such a course might mean that we would lose most of our freedoms through the gradual creation of a garrison state, and he concluded that we must concurrently go down both roads. Mr. Barnard agreed, said that he thought that an approach to the Russians on the package basis was well worth trying, that international control of atomic energy alone was not enough and probably at this stage could not even get congressional support.

F. With specific regard to the organization of the study group's paper, General Landon and Mr. Lay pointed out that both the Joint Chiefs and the President might require that our objectives be stated more clearly in the paper, as the former would constantly have to use them as the basis for their strategic plans and the latter would need something specific to approve.

G. Dr. Smyth's final comment was that the one thing he missed in the paper was a gospel which lends itself to preaching. Mr. Nitze said that that was something we had in mind and it might be more appropriate in the form of a speech written for the President than as an integral part of the study.

Policy Planning Staff Files

*Record of the Meeting of the State-Defense Policy Review Group,
Department of State, Thursday, March 16, 1950, 3 p. m. to 6:45 p. m.*

[Extracts]

TOP SECRET

Present: Department of State

Paul H. Nitze

R. Gordon Arneson

George Butler

Carlton Savage

Robert Tufts

Harry H. Schwartz

Department of Defense

Major General James H. Burns

Major General T. H. Landon

Robert LeBaron

Najeeb Halaby

National Security Council

James Lay

S. Everett Gleason ¹

Consultant:

Robert A. Lovett ²

Mr. Lovett spent the morning studying the group's working drafts as of this date ³ and, as suggested by Mr. Nitze, his first comments were specific, chapter by chapter, followed by general observations and suggestions. The minutes are divided into three parts covering

I. The general observations and suggestions as to the paper's conclusions and recommendations

II. The chapter by chapter suggestions

III. Suggestions not covered in either of the two foregoing categories.

I. General Observations and Suggestions

a. Mr. Lovett's overall comment was that the paper is very good and its logic sound, and that it contains some portions which are excellent material for speeches. He agreed with the general conclusion that we must build up our strength, and he said that this requires, in the first instance, giving the facts to the public.

¹ Deputy Executive Secretary of the National Security Council.

² Banker; Under Secretary of State, July 1947-January 1949; appointed Deputy Secretary of Defense, September 1950. Earlier, he served as Assistant Secretary of War for Air, April 1941-November 1945.

³ For the text of the report in its final form, see NSC 68, April 7, p. 235.

In addition, he made three general observations: (1) Our national policy must maintain the maximum possible flexibility. We must not saddle ourselves with self-denying ordinances which may prevent or seem to prevent us from doing certain things under any circumstances. There are very few things that a democracy cannot do if given a particular combination of circumstances and necessity. It is impossible to draw a sharp line between democratic principles and immoral actions, and an attempt to do so constitutes a dangerous and unnecessary handicap. (2) We should refrain from making any commitments which are neither absolutely necessary nor within our capacity to fulfill. (3) We must realize that we are now in a mortal conflict; that we are now in a war worse than any we have ever experienced. Just because there is not much shooting as yet does not mean that we are in a cold war. It is not a cold war; it is a hot war. The only difference between this and previous hot wars is that death comes more slowly and in a different fashion.

Mr. Lovett suggested that the Conclusions should be stated simply, clearly, and in almost telegraphic style, or in what he referred to as "Hemingway sentences". He suggested that they should be along the following lines: The Soviet expenditures on their military establishment are obviously too large to be for defensive purposes. The Soviet Union's military establishment is obviously designed for offense. The Russians have demonstrated a willingness to use threats, compulsion, and force to accomplish their ends. They have been and are now using invisible means of aggression. By the desire and explicit choice of the Soviet Union we have been designated the prime enemy of the Soviet Union. In view of these facts, the present course of the United States is inadequate to such an extent that it increases the dangers to freedom. It is, therefore, our duty immediately to bring our military competence up to a higher level than has previously been planned and to place in our hands, and those of our allies of proven courage and determination, the weapons designed to meet our objectives.

Mr. Lovett's Recommendations would be along the following lines:

- (1) The public must be supplied with the facts.
- (2) Our intelligence facilities, which are our first line of defense and which are grossly inadequate, should be brought to a high state of efficiency.
- (3) Our national efforts in the cold war must be specifically allocated to a group headed by a man of recognized stature who has the equivalent of a Cabinet rank and the equivalent of the authority vested in wartime, in the Joint Chiefs of Staff. This man and his agency should have a clear directive from the President and appropriate Congressional authorities.

(4) Our strategic plans for a shooting war and our covert devices in the cold war must be so designed as mutually to complement each other.

(5) Administrative techniques must be modernized so that policy can be translated into action with the minimum of delay.

(6) The time factor which divides our potential strength and forces in being must be cut down by large-scale tooling and planning efforts.

(7) We should use every method of economic warfare which could possibly throw the enemy off schedule or off balance. This would have a good psychological effect both in our camp and in the camp of the enemy. In other words, the efforts of a "Department of Dirty Tricks" should be commensurate with that of all other agencies.

(8) We must have a much vaster propaganda machine to tell our story at home and abroad.

[Here follows Part II, "Specific Comments."]

Part III. *Additional Comments*

We must meet the threat of international communism in the field of ideas and this means we must capitalize on our standard of living, the role of the individual, and the fact that our system is based on a freedom of choice. Mr. Lovett is convinced that we have the latent competence to do this job; because if we can sell every useless article known to man in large quantities, we should be able to sell our very fine story in larger quantities.

He suggested that we need not wait for a build-up of our material power to accept the challenge of the communists in the cold war and start acting exactly as though we were under fire from an invading army. In the war in which we are presently engaged, we should fight with no holds barred. We should find every weak spot in the enemy's armor, both on the periphery and at the center, and hit him with anything that comes to hand. Anything we do short of an all-out effort is inexcusable. We should cause them trouble wherever we can. There are plenty of partisans and dissidents on the enemy's borders and within his camp who are willing to fight with their lives if we give them some leadership and if they are convinced that we are going to stick with the job until we have finished it.

The fact that the Kremlin can make up its mind and move faster than we can is partly due to the difference in our objectives, partly due to the inherent nature of the democratic system, but also due to poor operating procedures on our side—and this last can be and must be corrected. He suggested that we make a thorough study of all economic warfare possibilities, including preemptive buying. Mr. Nitze said that a great deal of study and a great deal of action have been taken in this field, and that from what we can see now we cannot

expect very great results. Mr. Lovett said that that was quite possibly true, but that if our needling tactics are sharp and nasty enough we may have psychological results which will make them well worth-while.

He suggested that the paper might also anticipate and discuss in the chapter on "Possible Courses of Action" the suggestion that has been made before, and may be made again, that the U.S.S.R. and the United States divide the world into spheres of influence.

He also thought a part of our program should be to spend more money on defense of the United States with radar and automatic weapons. The defense of the home-land is a very popular subject with most people and at the present time the citizens of the United States are very nervous because they don't see anything being done in that field. If something were done it would give them more composure and result in a better atmosphere in which to conduct the cold war.

Mr. Lovett said he had no doubts whatsoever about our economic capabilities. In fact, he thought that the economy of the United States might benefit from the kind of build-up which we were suggesting. In this connection he added that he thought there was practically nothing that the country could not do if it wanted to do it. It becomes stronger economically every day. Except for a few minor items, the far West, which he had just visited, is self-sufficient economically. That part of our exports which we have had to subsidize has amounted to about 1% of our national income, which is a very small price to pay for the results achieved. It is, however, in the interest of our national security to increase our imports. He sees no financial problems worthy of the name involved in the build-up which we shall have to make. He pointed out that the Committee on Economic Development has proven that there are between 1 and 3 billion dollars of fat in our present budget which could be converted to cash for other purposes.

He said that we had a terrible problem of public information and support and made several suggestions: (1) that we get in what he called a "group of paraphrasers" who could turn what it is we have to say to the American people into understandable terms for the average man on the street. (2) that we parcel out our message to a number of the best speakers in the Government to be reiterated and reiterated and reiterated. (3) we should enlist the aid of schools, colleges, churches, and other groups. In tapping all the sources we will find that somewhere in this Government is a specialist in almost everything in the world and as the story gets underway and the people gradually begin to see some leadership we will get help from all kinds of sources. (4) he suggested that we get a group of elder statesmen

(very much like that suggested by Mr. Barnard) which would "audit and certify" our findings and thereby back up the Administration's statement of the facts. It would probably be better, in his opinion, if such a group were not appointed as a commission by the President because it might thereby be tarred with the Administration's brush in the eyes of the people.

Policy Planning Staff Files

*Record of the Meeting of the State-Defense Policy Review Group,
Department of State, Monday, March 20, 1950, 3 p. m. to 5: 45 p. m.*

TOP SECRET

Present: Department of State

Paul H. Nitze

R. Gordon Arneson

George Butler

Carlton Savage

Robert Tufts

Harry H. Schwartz

Department of Defense

Major General T. H. Landon

Robert LeBaron

Najeeb Halaby

National Security Council

S. Everett Gleason

Consultant

Dr. Ernest O. Lawrence ¹

Dr. Lawrence said he would address himself in the first instance to the difference in attitude between the working scientists as against what he described as the "talking" scientists. He said that a very small percentage of the scientists did any public talking and that, in his opinion, their views were not representative of the great mass of scientists who did the work. He said he read a great deal in the press to the effect that secrecy and security regulations which surround the atomic bomb and hydrogen bomb developments made it impossible for scientists to work. He classified such reports as complete nonsense and said that when he and a group of laboratory and plant managers were meeting informally recently in a discussion of this subject, not

¹ Nuclear physicist; Director of the Radiation Laboratory, University of California; inventor of the cyclotron; participant in the atomic bomb development program during the Second World War.

one knew of a single case of a scientist who refused to work on these developments because of security regulations or secrecy. He said that the freedom comes through the magnificent facilities that are available and that all the scientists he knew would much rather have the facilities than the right to publish material on their work. In a recent tour of the country he had talked with many of the men who actually work on the H-bomb and he found none who felt that such work should not be done. Among "talkers" he finds a strange inconsistency in that those who once thought the atomic bomb was a terrible thing now have no such scruples about it but have transferred their sense of horror to the H-bomb.

He labeled the cost of atomic developments as "chicken-feed" and said that we should be spending ten times as much. He said further that expanded developments in the atomic field produce more, not fewer, physicists; that, by the very nature of what it is that makes first-class scientists, the more work there is to do, the faster new ones are bred. As top men in each laboratory and plant are pulled out to start something new, one finds that not only are there capable young men to take their places, but that the young men have newer ideas and produce them much faster than the older men—and he included himself in the latter category.

He said that he was personally optimistic about the development of new types of atomic weapons as well as radiological weapons, and he felt that the time was not far off when there would be those which could insure the defense of Europe and which, furthermore, might be put into the hands of our allies to use themselves. We will only be able to develop such things, however, if we spend more money and energy on the whole field of atomic energy. It was, he added, pointless to think about such developments running in a straight line into the future. On the contrary, these developments spread out in all directions and quite unpredicted uses are often found for new ideas. Putting it another way, you develop the efficiency of one weapon on a rising curve but you don't have to worry about that part of the curve which begins to slant downward because before that point is reached, something new pops up which continues the curve on upwards.

He expressed, as his personal opinion, that no technical control of atomic weapons was possible without a complete opening up of Russia.

In response to specific questions, he said that not only were such plants as the one at Hanford completely old-fashioned and inefficient now but that he could foresee new raw materials and techniques which would make possible "bathtub" operations.

His major thesis was that our safety lies in being farther ahead scientifically and productively than the Russians.

Policy Planning Staff Files

*Memorandum by the Director of the Policy Planning Staff (Nitze)
to the Secretary of State*¹

CONFIDENTIAL

[WASHINGTON,] March 22, 1950.

Subject: Today's meeting with Secretary Johnson and General Bradley

As of possible assistance, herewith is a reminder of a few suggestions which I made orally to you yesterday with regard to the conduct of today's meeting with Secretary Johnson and General Bradley.

(1) That the meeting be held in the Planning Staff's conference room;

(2) That you might wish to explain the purpose of this particular meeting by saying

(a) That this project was undertaken pursuant to the Presidential Directive to the Secretaries of State and Defense to "undertake a reexamination of our objectives in peace and war and of the effect of these objectives on our strategic plans in the light of the probable fission bomb capability and possible thermonuclear bomb capability of the Soviet Union";

(b) That you understand that the President wanted a thorough and fresh review unfettered by considerations of existing policies or commitments;

(c) That except for yourself, Mr. Johnson, General Bradley, and Mr. Rusk, all of those present have been working actively on this study (they all have AEC "Q" clearance);

(d) That Mr. Lay, representing the White House, has participated in the study from the beginning; and

(e) That although the work is not completed, this particular meeting was arranged to allow the group to make a progress report to you and to Secretary Johnson and to determine whether the work which has been done is, in the opinion of yourself and Secretary Johnson, responsive to the President's Directive.

(3) The Group has consulted during its study the following persons:

J. Robert Oppenheimer
James B. Conant
Chester I. Barnard
Henry D. Smyth
Robert A. Lovett
Ernest O. Lawrence

(4) The working group has taken elaborate precautions against leaks, and with specific regard to today's meeting the press officers in the two Departments have been told that if there are any questions asked—and only if there are any questions asked—by the press, they

¹ Drafted by Harry H. Schwartz, Executive Secretary of the Policy Planning Staff.

should say that the Secretaries of State and Defense and General Bradley are consulting on matters related to the meetings of the North Atlantic Treaty Organization which Secretary Johnson and General Bradley will attend in Europe next week.²

(5) If it is agreeable to Secretary Johnson, you might suggest that Mr. Nitze, who has been acting as chairman of the State-Defense study group, outline the thinking of the group in general terms and that General Landon address himself to the military aspects of the problem, after which there can be a general discussion of any nature which may seem profitable to yourself and Secretary Johnson.

(6) Finally, depending upon how the meeting progresses, there may be an opportunity to suggest that the next steps would seem to call for

(a) A further polishing of the paper;

(b) A reflection in the paper of such comments as have been forthcoming during the meeting;

(c) Detailed processing of the paper through the appropriate machinery of the two Departments (that as far as the State Department is concerned this would be a selected group of the Assistant Secretaries); and

(d) Possible additional consultants—on the domestic economic problems Secretary Snyder³ and McCabe of the Federal Reserve Board⁴—would be extremely useful; on the problem as a whole Chief Justice Vinson should be helpful.

² The Military Committee of the North Atlantic Treaty Organization held its Third Meeting at The Hague on March 28; the NATO Defense Committee met on April 1, also at The Hague.

³ John W. Snyder, Secretary of the Treasury.

⁴ Thomas B. McCabe, Chairman of the Board of Governors of the Federal Reserve System.

Policy Planning Staff Files

*Memorandum of Conversation at the Department of State,
Wednesday, March 22, 1950, 3:00 p. m. to 3:14 p. m.*¹

TOP SECRET

Present: Department of State
Secretary Acheson
Dean Rusk
Paul H. Nitze
R. Gordon Arneson
George Butler
Robert Tufts
Harry H. Schwartz

¹ Presumably drafted by Harry H. Schwartz, Executive Secretary of the Policy Planning Staff. For Secretary Acheson's recollection of this meeting, see Dean Acheson, *Present at the Creation: My Years in the State Department* (New York: W. W. Norton and Company), p. 373.

Department of Defense
Secretary Johnson
General Omar Bradley
Major General James H. Burns
Major General T. H. Landon
Najeeb Halaby
National Security Council
James Lay
S. Everett Gleason
Executive Office of the President
Admiral S. W. Souers ²

As Secretary Acheson started to explain the purpose of the meeting, Secretary Johnson asked if Mr. Acheson had read the paper.³ Mr. Acheson said that he read most of it yesterday. Mr. Johnson said that he had not read it nor had General Bradley, and that neither one of them was going to agree to anything which he had not read. He said that the paper was brought to his attention at 10:00 this morning and that there had, therefore, been no time for him or for General Bradley, who is extremely busy with other matters in connection with his trip to Europe, to read the paper. He said, further, that he did not like being called to conferences without having had an opportunity to read the appropriate material, that this was the fourth time the Department of State had done this to him, and that he did not want any more of it. Mr. Acheson asked Mr. Johnson if he would prefer to adjourn the meeting until some later date when he would have had an opportunity to read the paper. Mr. Johnson replied that since he and General Bradley were here they might as well continue with the meeting. He wanted to make it perfectly clear, however, that he was going to agree to nothing.

Mr. Acheson explained that it was not intended that any decision should be reached at this meeting and that the purpose of the meeting was merely for the two Secretaries to hear an interim report from the working group so as to judge whether the subject matter the working group was covering was responsive to the President's directive. Mr. Nitze said that it had been originally planned to suggest the meeting for Friday; but, in view of General Bradley's departure on Thursday, the suggested date had been moved up to Wednesday. Mr. Johnson then told Mr. Nitze that any arrangements for meetings should be made only through the Secretary of Defense, and he admonished

² Consultant to the President on National Security Affairs; Executive Secretary of the National Security Council, 1947-1949.

³ For the text of the report in final form, see NSC 68, April 7, p. 235.

Mr. Nitze to remember that in the future. He added that General Burns has no authority to arrange such conferences. He said that the fact that General Bradley was going to Europe was no excuse whatsoever for calling such a meeting and that it was not the business of the Department of State to arrange meetings with General Bradley in any event as that could be done only through the Secretary of Defense.

Mr. Acheson asked Mr. Nitze to outline the group's work and Mr. Nitze set forth the analysis briefly, explaining that General Landon would outline the military implications of the study with specific regard to the atomic capability of the Soviet Union. Mr. Nitze started to outline the working group's tentative conclusions, but was interrupted by Mr. Johnson who said that he did not want to hear what the conclusions were. Mr. Johnson then said that there were two things in the study which should not be in it and one thing which was not in it but should be. He offered to specify the former and said that he would specify the latter on another date. Mr. Acheson then suggested that he and Mr. Johnson might authorize the group to continue its work on its present lines. Mr. Johnson said that he would not express any opinion on that. He said that the Department of Defense, as a coequal Department, was perfectly willing to discuss any matter if given a reasonable amount of time in which to study it beforehand, but that such had not been the case in this instance, and this was the fourth time the Department of State had tried to put him in such a position. He had protested before and he would continue to protest. He said, furthermore, that plans had been made to issue a press release after the meeting which presumably would indicate that agreement had been reached on this matter and that he was violently opposed to any such maneuver, as he was not going to agree to anything. Mr. Acheson and Mr. Nitze explained that there was no such plan and that, in fact, the contrary was true: because it was feared that Mr. Johnson's and General Bradley's presence here might be noted, in spite of precautions taken to avoid it, the press office had been alerted to say in response to any questions which might be received regarding Secretary Johnson's and General Bradley's presence that they were here merely to confer with the Secretary of State prior to going to Europe to meet with the NAT organization on defense. General Burns added that such was his definite understanding of the arrangements and that he had conveyed that information to Mr. Johnson this morning. Mr. Johnson then said that General Bradley was going to Europe on the business of the Department of Defense and did not have to consult with any one outside of the Department of Defense in order to do so.

Mr. Acheson asked the Secretary of Defense if he had any suggestions as to how the meeting should proceed and, on receiving a negative reply, said that there did not seem to be anything more to discuss at this meeting and asked Mr. Johnson if he would like to adjourn. Mr. Johnson agreed.

711.00/3-2450

*Memorandum of Conversation, by the Secretary of State*¹

SECRET

[WASHINGTON,] March 24, 1950.

Participants: The Secretary
Rep. Christian A. Herter (R. Mass.)
H—Ben H. Brown, Jr.

Representative Herter called on me on March 21, 1950. He stated that he wished to discuss several matters about which he was gravely concerned. For some time, he disclosed, he has realized that the United States is confronted with three major objectives, and that all three cannot possibly be reached. The first is balancing the Budget, the second foreign commitments, and the third domestic commitments. He feels that it is impossible to make and carry out necessary foreign commitments and make the social advances at home which are desirable and at the same time keep our dollar sound by balancing the budget. There must be a de-emphasis of at least one of the three.

He cited as a particular example the National Science Foundation bill which came before the Rules Committee. He said that Representative Wadsworth² was very much concerned about this bill since, although a very desirable project, it was another new expenditure. The Rules Committee was slow on acting on this measure and the President called Representative Wadsworth in. Representative Wadsworth expressed to the President his concern over the number of measures which had been proposed which would increase the Federal deficit, and said that although the bill was a worthy one, he did not consider it an essential expenditure at the present time. The President in reply stated that he was not worried about the deficit because he had asked the Bureau of the Budget to make a projection of expenditures and revenues over the next several years and this projection, as a result of the anticipated increase in national income and reduction in military budget and foreign spending showed by 1953 a surplus which could be used for debt retirement. The President was thoroughly satisfied with the situation but Representative Wadsworth was

¹ Drafted by Ben H. Brown, Jr., Deputy Assistant Secretary for Congressional Relations.

² James W. Wadsworth of New York, Member of the House Rules Committee.

rather astonished, particularly since the projection showed a reduction in military expenditures to \$9 billion and no foreign expenditures.

Mr. Herter felt that there was also a feeling of security among the American people which is not justified by the world situation as he sees it today. In his opinion the situation vis-à-vis the Soviet Union is deteriorating, and our position in the next five years will, unless the trend is reversed, be most serious.

He said that that was the situation as he saw it and that he had been turning over in his mind possible things that we could do about it. He had two suggestions. First, we should make another effort to reach agreement with the Soviets. The basis of the agreement should be the seven points covered in my Berkeley speech.³ In the event of failure to reach agreement, we should take the offensive on two fronts—one diplomatically and the other in the U.N. If the Soviets refuse to reach agreement with us, we should label them the barbarians that they are and reach the conclusion that we cannot do business with them. We should then proceed to force them out of the U.N. and bring about a severance of diplomatic relations. Both of these efforts would have to be preceded by obtaining the support, first, of all Latin American nations, and, second, and more difficult, of our Western European friends. We would then “draw down the iron curtain” on our side, not, of course, politically or information-wise but physically by preventing trade and the movement of persons.

I expressed my agreement with him on the dilemma with which we are confronted by the three problems he first mentioned. I also expressed complete agreement with the fact that the American people have a false sense of security and do not realize that the world situation, which is called a cold war, is in fact a real war and that the Soviet Union has one purpose and that is world domination. With respect to the world situation, I said that I did not think our position has deteriorated between 1948 and 1949, except for the loss of China which was expected, but that during the last six to nine months there had been a trend against us which, if allowed to continue, would lead to a considerable deterioration in our position.

I said that I felt the American people must be made to realize the gravity of our situation and must become reconciled to the fact that we must make certain sacrifices in order to meet the problem of Soviet aggression; that we can only meet it with the full support of the American people which cannot be marshalled without a thorough understanding on their part. The Soviets are intent on world domination and have extended their sphere of influence materially in the

³ For the text of Acheson's address at the University of California at Berkeley, March 16, see the Department of State *Bulletin*, March 27, 1950, pp. 473-478.

past several years. They have no intention of stopping and are determined to bring about a situation where we will be confronted by having the rest of the world under their domination. Their method is to wipe out centers of resistance wherever they exist by political and economic undermining. We are the only real force in opposition to their movement, the only nation which has the ability and the resources to help other nations fight world communism. We are, therefore, their primary target. They would like nothing better than to see us standing alone, suddenly confronted with the realization that we had no friends outside of the hemisphere, thoroughly confused politically and economically.

I explained that as I see it we must do two things. First, we must continue to keep the door open to discussion with the Russians. Second, we must build ourselves and our friends politically, economically and militarily to a point where we have a united force with which to confront the Soviets. When we have accomplished this, we may then be successful in reaching agreement with them. They may then be willing to recede. However, even at that point we must not depend on their good will. Even if agreement is reached we must not relax the strength we have built up. To do so would merely invite them to back down on their agreements at any point where they think they might get away with it. In other words, we must create a situation of strength in opposition to Soviet intentions of world domination, and maintain that strength even after we may have reached agreement on the seven points covered in my Berkeley speech. I assured him that I realized the many steps we must take to achieve this strength. We will have to make sacrifices. We must operate within the North Atlantic Pact and other arrangements. We must strengthen the organization under the North Atlantic Pact. We must have a political body of the North Atlantic Pact countries capable of making top-level decisions expeditiously on military plans.

With specific reference to his two proposals, I said that I do not think we should try to expel the iron curtain countries from the United Nations but rather that we should constantly press to achieve a working arrangement within the United Nations which would allow it to function, that we should keep pressing proposals for working arrangements such as a voluntary agreement not to use the veto. I said that I fear the breaking of diplomatic relations might have very bad repercussions. If you sever ties completely, you have no basis for dealing with those countries. Such a proposal might lead to war.

At this point Mr. Herter said that he wondered whether it would be possible to bring about among the American people a realization of the seriousness of the situation without some domestic crisis, some-

thing concrete to which your appeal could be tied, such as a break in diplomatic relations. I replied that I do not believe it will be necessary to create such a situation, the chances are too good that the Russians will do so themselves. I referred to the proposed demonstration in Berlin on the 28th of May, which might result in 300 odd thousand German youths attacking the populace of Western Berlin.⁴ That would certainly be a messy situation and a crisis. I referred to the next scheduled meeting of the Deputies on the Austrian Peace Treaty when the Soviets may indicate conclusively that there will be no treaty and that they want us to get out of Eastern [Western?] Austria thus ringing down the iron curtain in that area. Finally, I referred to the possibility of an overall attack on Formosa from the mainland of China where we understand air strips are being built, Soviet planes are being furnished, and Soviet crews are training Chinese crews.

I further pointed out to Mr. Herter that one of the reasons the Russians are considered more dangerous today than in 1936, at which time they had the same superiority in military power, was that in 1936 they were in Russia. Today they have extended themselves considerably. I said that if we could get them back into Russia by agreement on peace treaties for Austria and Germany, we would be in a far superior position militarily, that even if they did not withdraw all the way into Russia but remained in Poland, we would be much better off than with them now near the borders of the Rhine.

Mr. Herter asked how I proposed to go about bringing to the American people a realization of the seriousness of the situation. I replied that I intended to continue making speeches on the subject, driving home each time the same basic points, and adding little by little to the proposals for meeting these problems. I said that I realized that speeches alone would not do it, that people read and heard what was said and then turned their attention to other matters but that each speech would evoke a certain amount of press comment, a certain amount of discussion and that I felt the influence would spread.

I told Mr. Herter that if at any time he felt like giving vent to his feelings in a speech, I would be delighted if he would do so, that it would help me materially for there are a great many people he can reach.

Mr. Herter said that he hoped we would be able to work things out, that he wanted to be helpful, that he was sorry I had had so much trouble on the Hill recently and that he realized that made my problems more difficult.

⁴ Documentation on the Whitsuntide Rally in Berlin, May 28-30, is scheduled for publication in volume IV.

Policy Planning Staff Files

*Memorandum by the Under Secretary of State (Webb)*¹

TOP SECRET

[WASHINGTON,] March 30, 1950.

The enclosed papers are the result of the work of a State-Defense Study Group pursuant to the President's directive of January 31, 1950, to the Secretary of State and the Secretary of Defense, which called for a reexamination of our objectives in peace and war and of the effect of these objectives on our strategic plans, in the light of the probable fission bomb capability and possible thermonuclear bomb capability of the Soviet Union. The longer paper, entitled, "State-Defense Staff Study",² has been approved by the Chairman of the working group, Mr. Paul H. Nitze, and by Major General T. H. Landon, a representative from the Joint Chiefs of Staff. The staff study represents the basic background for the shorter paper, entitled "Draft Report to the President", which consists primarily of a summary of the first nine chapters of the staff study, together with conclusions and recommendations identical to those in the staff study.³ Although it is planned that both papers should go to the President, the President's approval will be sought only for the latter.

Your written comments are to be forwarded no later than Wednesday noon, April 5, to the Secretary, through me, with a copy to Mr. Nitze. Keeping in mind the relationship between the two papers, you should feel free to comment on both to the extent that you consider your comments will be of assistance to the Secretary. You should personally prepare these comments. If you feel that you can comment more profitably by consulting selected members of your staff, please do so without disclosing to them the nature of the conclusions or the recommendations and without showing the text to anyone.

It is imperative that the extraordinary security precautions which have been observed to date in connection with this study be continued at least until the President has received the report formally from the

¹ This memorandum was addressed to Messrs. Armstrong, Rusk, Kennan, Butterworth, Fisher, Thompson and/or Perkins, Bohlen, Barrett, Miller, Hickerson, Byroade, Thorp, Ambassador at Large Philip C. Jessup, and Raymond A. Hare (Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs).

² On April 7, the "staff study," with minor changes, was submitted to President Truman as the analysis portion of the Report to the President; for text, see NSC 68, April 14, p. 234.

³ In a memorandum to the Secretary of State dated April 6, Nitze recommended that the summary here under reference be eliminated as unnecessary and confusing. General Landon, Nitze stated, concurred. A corrigendum of April 7 indicated that the shorter paper was in fact discarded. No copy of the document has been found in the files of the Department of State. (Policy Planning Staff Files)

Secretaries of State and Defense and has had an adequate opportunity thoroughly to study it and to come to a decision with regard to the major conclusion. If his decision is affirmative, it is assumed that the various agencies of the Government will be instructed, under the coordination of the NSC, to develop programs in connection therewith; and at that time the full machinery of the Department will be called into action. If the President decides in the negative, no one in this Department will refer to that fact or talk about this study.

S/S-NSC Files : Lot 63D351 : ¹ NSC 14 Series

*Memorandum by the Under Secretary of State (Webb) to the Executive Secretary of the National Security Council (Lay)*²

SECRET

WASHINGTON, March 30, 1950.

Subject: First Progress Report on NSC 14/1, "The Position of the United States with Respect to Providing Military Assistance to Nations of the Non-Soviet World."³

NSC 14/1 was approved as governmental policy on July 10, 1948. It is requested that this Progress Report dated March 24, 1950, be circulated to the members of the Council for their information.

The conclusions of NSC 14/1 were implemented by the enactment on October 6 of Public Law 329, 81st Congress—the Mutual Defense Assistance Act of 1949, and by Public Law 430, which made appropriations authorized by the enabling act. This legislation was prepared for presentation to Congress by the Foreign Assistance Correlation Committee, composed of representatives of the Departments of State and Defense and the ECA.

The Mutual Defense Assistance Program authorized by Public Law 329 is now being carried out jointly by the Departments of State and Defense and the ECA, under the general direction of the Department of State. Firm programs for military assistance to North Atlantic Treaty countries were established following the signing of bilateral agreements with those countries on January 27 and the simultaneous approval by the President of the concept for integrated defense of the North Atlantic area. Shipments of military materiel to Western Europe were begun on March 8 and will be continued in ever-increasing volume. Projects are being initiated for limited increases in military

¹ Serial master files of National Security Council documentation and related Department of State material for the years 1947–1961, retired by the Executive Secretariat of the Department of State.

² Transmitted to the members of the National Security Council on March 31.

³ For text of NSC 14/1, July 1, 1948, see *Foreign Relations*, 1948, vol. 1, Part 2, p. 585.

production in Western Europe through provision under the Act of dollars for the purchase of machine tools, raw materials, components, sub-assemblies and technical services.

The status of the military aid programs for Greece and Turkey and for Korea is reported in the first Progress Reports on NSC 42/1⁴ and NSC 8/2.⁵

The program for Iran and the bilateral agreement with that country are the subject of current discussions with Iranian officials. The Philippine program is in general satisfactory to the Philippine Government and will be initiated at an early date inasmuch as the bilateral agreement was concluded on March 11, 1950.

With respect to the program for the "general area of China," the Departments of State and Defense have developed various proposals for assisting the countries in this area. Presidential approval of military assistance programs in the general area of China has been obtained for a \$5 million dollar program for Indonesia, a \$15 million program for Indo-China and a \$10 million program for Thailand. A program for Burma comprising river patrol craft, approved in principle by the Secretary of State, has been presented to Defense for clearance. Additional non-military programs for Burma approximating \$2 million are in process of being cleared by the interested governmental agencies. Definitive programs for these countries, including precise lists of equipment and supplies, are in the process of development. A small United States mission is in Southeast Asia to determine the types of projects most immediately needed and feasible under this program in the fields of technical and economic assistance.

Several requests from Latin American countries for military assistance on a reimbursable basis under Section 408(e) of the Act are under consideration. The general problem of United States military cooperation with Latin American countries is under study by the National Security Council Staff, which is preparing a paper on the subject (NSC 56).⁶

An arrangement has been concluded enabling Canada to obtain certain military procurement assistance under Section 408(e) of the Act.

⁴ For text of NSC 42/1, March 22, 1949, "U.S. Objectives with Respect to Greece and Turkey to Counter Soviet Threats to U.S. Security," see *Foreign Relations*, 1949, vol. vi, p. 269; the progress report on NSC 42/1 of March 6, 1950 is scheduled for publication in volume v.

⁵ For text of NSC 8/2, March 22, 1949, "The Position of the U.S. with Respect to Korea," see *Foreign Relations*, 1949, vol. vii, Part 2, p. 969; the progress reports are not printed.

⁶ For text of NSC 56, August 31, 1949, a National Security Council staff study titled "U.S. Policy Concerning Military Collaboration Under the Inter-American Treaty of Reciprocal Assistance," see p. 601. For NSC 56/2, May 18, 1950, a report to the President on the same subject, see p. 628.

A Mutual Defense Assistance Program for Fiscal Year 1951 is being developed for presentation to Congress in the near future. Plans and policies for the 1951 program will be based on a comprehensive review of our overall political and strategic objectives and the fundamental considerations underlying United States military assistance.

Since the action contemplated by NSC 14/1 was completed by the enactment of Public Law 329, and since the developments in Mutual Defense Assistance will be the subject of a semiannual report by the President to Congress, Progress Reports on NSC 14/1 are being discontinued.

JAMES E. WEBB

Policy Planning Staff Files

Memorandum by the Deputy Assistant Secretary of State for European Affairs (Thompson) to the Secretary of State

TOP SECRET

[WASHINGTON,] April 3, 1950.

Subject: Draft report to the President and the State-Defense Staff study¹

While we feel that the draft report to the President and the State-Defense Staff Study contain many useful analyses, with most of which we are in agreement, the conclusions reached do not appear to flow logically from this analysis and some of the most important suggestions in the paper are not directly supported by the analysis. We suggest it would be advisable to reorganize the study in order to have it flow logically to the conclusions reached. For example, the quotations in the chapter on conclusions from NSC 20/4² might be placed at the beginning of the paper as the statement of our objectives. Apart from the conclusions on atomic energy, the important conclusions of the paper, in our opinion, are those set forth on page 24 of the report to the President and on page 25 of chapter 9 of the longer document. The second conclusion recommends a sharp increase in military expenditures, the third provides for a sharp increase in military assistance programs and the fourth more increase in economic assistance programs. These are exceedingly important conclusions, yet neither of the papers discusses our present programs in these fields nor our projected plans. If these conclusions are to be supported, it would appear

¹The documents under reference, preliminary drafts in the preparation of NSC 68, April 14 (p. 234), are described in Under Secretary Webb's memorandum of March 30 and footnotes 2 and 3 thereto, p. 210.

²For text of NSC 20/4, a report to the President by the National Security Council on U.S. Objectives With Respect to the U.S.S.R. to Counter Soviet Threats to U.S. Security, November 23, 1948, see *Foreign Relations*, 1948, vol. 1, Part 2, p. 662.

necessary to have a realistic survey of present programs and of the extent by which projected programs fall short of needs.

If conclusions of this nature are to be adopted and carried out, they would have to be adopted as national policy and have full support not only of the administration, but of the Congress and public as well. We suggest the report should point up to a high level examination of these tentative conclusions and recommend the appointment of a top-level board or commission to examine them. Such a board might consist of Secretaries of State and Defense, General Bradley, Vannevar Bush,³ Paul Hoffman,⁴ Chairman of the Atomic Energy Commission and the chairman of the Armed Services Committees of the Senate and House.

I suspect it would be found that no very great increase in our present rate of expenditure would be called for, but rather a better allocation of resources and a unified national policy which would apply our resources more directly to the solution of the basic problem which is well expressed in chapter 9 of the State-Defense study as follows:

The problem is to create such political and economic conditions in the free world, backed by force sufficient to inhibit Soviet attack, that the Kremlin will accommodate itself to these conditions, gradually withdraw, and eventually change its policies drastically.

³ President of the Carnegie Institution of Washington; Director of the Office of Scientific Research and Development during World War II.

⁴ Administrator for Economic Cooperation.

Policy Planning Staff Files

Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State

TOP SECRET

[WASHINGTON,] April 3, 1950.

Subject: Draft report to the President and the State-Defense Staff Study¹

I have not had time to go through the State-Defense Staff Study, but, however, I have read the draft report to the President. I have also had an opportunity to read Mr. Thompson's comments of this date on this paper. In general, I agree with the position which he has indicated. There are a few other points which I might add.

First, the question of whether or not an intensive drive in the United States to step up activity in the cold war would have adverse reper-

¹ The documents under reference are described in Under Secretary Webb's memorandum of March 30 and footnotes 2 and 3 thereto, p. 210.

cussions in Europe was discussed at the Rome meeting.² It was the feeling of the group assembled there that there would not be adverse repercussions provided we had really thought through what we intended to do and had a feasible plan laid out. They felt, however, that the effects would be extremely bad if we started such a campaign without a clear idea of what we were going to accomplish and how we were going to accomplish it. They therefore urged strongly, although this was not included in the report of the meeting, that a thorough study be undertaken of both the economic and military requirements in the cold war before any other action was started. This, I understand, is in accordance with recommendation B in the Report to the President.³

On page 24, the second paragraph, point 4, there is an indication that economic assistance programs will have to be increased somewhat. I would question this seriously. It seems to me that the present size of the programs is wholly adequate and probably appreciably larger than will be necessary in the future. What we need to recognize is that the need for economic assistance will be a continuing one and in substantial amounts.

On the question of increased military expenditure, there was considerable talk in Europe about what was referred to as "a poor man's war". It was the general feeling that we could not meet Soviet forces tank for tank or necessarily match them in other items of equipment without destroying the economy and consequently the civilization we are trying to protect. This implied the importance of developing inexpensive but effective weapons which could be used effectively in defense. Some progress has certainly been made in this direction, but it may well be as General Gruenther⁴ said to Ted Achilles⁵ that what we need is a Manhattan project to produce an inexpensive defense. If this is correct, and it may well be, it is possible that a substantial increase in military expenditure may not be necessary but rather reallocation of present available funds.

At the bottom of page 7 and at the top of page 8 of the conclusions in the report to the President, there is an indication that after we have built up strength we might successfully undertake negotiations with the Kremlin. I would seriously question the possibility of this until such time as the Kremlin has changed its philosophy. I do not believe that this change will come about through outside pressure but will re-

² For documentation on the meeting of United States Ambassadors at Rome, March 22-24, 1950, see vol. III, pp. 795 ff.

³ See NSC 68, April 14, recommendation b, p. 292.

⁴ Lt. Gen. Alfred M. Gruenther, Deputy Chief of Staff for Plans, United States Army.

⁵ Theodore C. Achilles, Director of the Office of Western European Affairs.

sult from a disintegration of the dictatorship, as has always happened in the past. I think what we must recognize is that we must keep our belts tight until such time as this disintegration does occur, which may well be a very long period of time. The inherent difficulty in this situation is that the Kremlin cannot afford to let their people come in contact with Western ideas and Western people as this would destroy their existing hold on the situation. I cannot conceive of any settlement with the Kremlin which would be satisfactory which did not involve the lifting of the Iron Curtain. There is also an implication in this paragraph that we should not enter into negotiations with the Kremlin until we have built up strength. Although recognizing the futility of such a negotiation at this time or for any foreseeable future, I am of the opinion, and this I think was shared in by the Ambassadors in Rome, that we should be willing to talk at any time but do it in an atmosphere where it is perfectly clear that it is they and not we who are blocking a settlement.

In going through the report to the President, I picked up several detailed points which I attach on a separate sheet.⁶ These may or may not be of sufficient importance to justify their consideration.

⁶ Attachment not reproduced.

Policy Planning Staff Files

*Memorandum by the Assistant Secretary of State for United Nations Affairs (Hickerson) to the Secretary of State*¹

TOP SECRET

[WASHINGTON,] April 5, 1950.

I have carefully studied the two papers resulting from the work of the State-Defense study group which were sent to me with Mr. Webb's memorandum of March 30, 1950.

I agree with the conclusions set forth in these papers and with the recommendations to the President, subject to the following comments:

1. Our principal allies, certainly the United Kingdom and France, and perhaps Canada, should be consulted before we reach a decision in this matter. The facts should be laid before them and those governments should concur in the decision and agree to do their full part in the buildup of political, economic and military strength recommended in these papers. I have every confidence that they will agree, but there must be no doubt whatever about their agreement and their

¹ Transmitted through Under Secretary Webb.

willingness fully to participate in this undertaking. They must participate to such a degree that every sacrifice we make will be matched by them and that this will be a great cooperative undertaking of the principal countries of the free world. If, contrary to my expectations, our principal allies should not be willing to assume the risks and make sacrifices involved in this undertaking, we should say to them that we will have to reexamine our position in relation to them in the light of this new situation created by their refusal to do the things which we think are necessary to preserve the free world.

2. Report to the President (Page 24) sets forth the outline of a comprehensive program to win the peace and frustrate the Kremlin design. The first point of this is "The development of an adequate political and economic framework for the achievement of our long-range objectives." If the recommendations in the report are approved and we embark upon the program it contemplates, in my opinion we will have to spell out this first point in the program in simple, clear, understandable terms that will capture the imagination of our people and make them willing to assume additional burdens which will be involved. It will not be sufficient to talk merely of strengthening the United Nations. I think we can build up such a program around the United Nations but it will have to be bold and dramatic. We must recognize frankly that our people want a collective system of security which will actually work. I think our people will be willing to face the extra burdens if the facts are clearly laid before them. It will help if the program presented to them shows some light at the end of the tunnel. For this reason, we should make our program as concrete and as definite as we can. I shall at the appropriate time make specific recommendations on this aspect of the program.

3. On Page 8 of the report to the President, it is suggested that if a decision and a start is made on the program, it might be desirable for the United States to "take the initiative in seeking negotiations with the U.S.S.R. in the hope that it might facilitate the process of accommodation by the Kremlin to the new situation." I see several advantages in this but it seems to me on balance that the dangers outweigh the advantages. If this were done, surely the U.S.S.R. would follow its usual tactics of making a response that would sufficiently "fuzz up" the situation as to cause differences between us and our allies and dissension at home. Could not the same purpose be served with less risk by a major speech of the President setting forth publicly our willingness to negotiate and the terms which would be acceptable to us?

JOHN D. HICKERSON

Policy Planning Staff Files

*Memorandum by the Assistant Secretary of State for Economic Affairs
(Thorp) to the Secretary of State*¹

TOP SECRET

[WASHINGTON,] April 5, 1950.

Subject: Draft Report to President

1. One of the underlying assumptions in the Report is the notion that the USSR is "steadily reducing the discrepancy between its overall economic strength and that of the U.S." (page 6). So far as the evidence included in the Report is concerned, I do not feel that this proposition is demonstrated, but rather the reverse. It rests largely upon statistics showing that the USSR is diverting a higher proportion of its gross national product to investment and defense than is the United States. In this instance, percentage figures are completely misleading. Put in dollar terms, the facts seem to be as follows for 1949:

| | Gross Investment | Defense | Consumption (billions of dollars) | Total |
|------|---------------------|---------|--------------------------------------|--------|
| USSR | 16. 5 | 9. 0 | 39. 5 | 65. 0 |
| US | 34. 0 | 16. 2 | 199. 8 | 250. 0 |

I do not have the data to add the figures for the "Soviet orbit" and the NAP countries, but they are in almost identical proportions. The NAP countries have a much larger gross national product, so they would also run far ahead of the satellites in absolute terms. Therefore, in actual rather than proportionate terms, the expansion in the US economy was double that of USSR during 1949, and that was probably somewhat below our rate of expansion for the previous year.

The suggestion is made but not developed that new investment in the USSR was much more significant relative to military requirements. This may be somewhat true—but in 1949, US steel capacity increased about 2 million tons. The Soviet would have had to record a 10% jump in one year to have kept pace. I suspect that our oil reserves and capacity both increased in the US more rapidly than in USSR, in absolute terms. It is of course true that our economy is more advanced, and therefore our investment covers a wider variety of items. But the television manufacturer cannot be disregarded as a national asset. (Even the manufacturer of Kirsten pipes made carburetors during the War.) Even in the narrow definition, the point is in doubt. I suspect a larger proportion of Soviet investment went into housing. The largest single item in the US investment picture in 1949 was in electric power, which is certainly a "war-supporting industry."

¹ Transmitted through Under Secretary of State Webb.

But it is said, the dollar in which the calculations are made goes much further in the Soviet Union. This is undoubtedly true for labor (and military pay) but so far as machinery and capital goods are concerned, the argument is not at all clear. Their costs are extremely high.

Furthermore, it is not clear that the USSR has such a tremendous capacity for rapid expansion. The 25% now alleged to being applied to gross investment is a very high rate for any country to maintain. Furthermore, rapid expansion on their part requires general development which inevitably runs into bottlenecks. Oil is one case in point, and transportation is another.

I have made no study of this subject. It may be true that the lower expenditure on defense by the USSR is more productive, and the case can of course rest on the military budget apart from the more general investment figures. However, the broader economic case is clearly not proven. In fact, all the evidence in the report points the other way, that the actual gap is widening in our favor.

Even if the case could be made, I am not sure of its significance. If one compares the total economic capacity, the gap is so tremendous that a slight and slow narrowing would have little meaning. Our economy has doubled its capacity about every twenty years for at least four such periods, and it has not stopped growing. Population increase, technology and compound interest take care of that. And the USSR will have great difficulty in making comparable gains in absolute terms because it starts from so much lower a base.

2. On the economic side, I feel that we cannot emphasize enough the disaster which an economic depression would be. This could destroy the entire structure even though we might weather the storm ourselves. The inventory adjustment in early 1949 did plenty of harm in the international field. This is not only the hope of the Kremlin but the fear of our friends. We may be doing all that we can to stabilize internally and we hope to be successful. However, there are ways in which we could protect our friends somewhat from our own economic wrongs, if we really were concerned about the problem. At least the fears and doubts could be reduced.

3. So far as the military picture is concerned, it seems to me that some consideration should be given not only to the drain which must be involved in the maintenance of a non-productive army, but to the extent to which it is immobilized by the necessity of demonstrating the iron hand in the Soviet Union itself and in the various satellites. Money spent to maintain a huge standing army is not necessarily money which is widening the gap of preparedness. The comparisons of military budget figures should take this into account.

4. On page 5, it seems to me that the relations with the satellites involves more than a vulnerability. It must be a continual strain and

burden on energy, manpower and attention—perhaps a liability rather than an asset in case of war. In this connection, it would be helpful to be able to compare our contributions to build up other countries with the Soviet drain on the satellites.

Policy Planning Staff Files

Memorandum by the Acting Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Hare) to the Under Secretary of State (Webb)

[Extracts]

TOP SECRET

[WASHINGTON,] April 5, 1950.

Subject: Comments on documents entitled "Draft Report to the President" and "State-Defense Staff Study".

In compliance with your memorandum of March 30, 1950, the following are my comments on the two accompanying documents entitled "Draft Report to the President" and "State-Defense Staff Study".

1. The facts adduced are alarmingly convincing. I would raise the question, however, whether the dispassionately analytical approach used may not result in overlooking certain less tangible considerations which might temper the conclusions reached. For instance, are we yet certain that the Soviet venture in China will strengthen the U.S.S.R. to the extent now feared? Have we, in fact, adequately explored the question of whether there may not be a critical point in Soviet expansion beyond which the benefits to the U.S.S.R. will turn to disadvantage?

I realize that the heavy responsibility devolving on the authors of documents of such seriousness does not permit of wishful thinking but one cannot study international affairs for long without being impressed by the importance of imponderables arising out of vagaries in mass behavior. Let us suppose, for example, that mid-1954 should arrive with Soviet military strength increased as predicted without adequate build up by the United States. I should imagine that the U.S.S.R. would still give serious consideration to the morale factor in the United States and friendly countries and that decision might well be reached on whether our courage and unity was high or whether we were dispirited and disunited. I would not suggest that the paper be revised to include speculation on such intangibles but I would suggest that they be borne in mind in final evaluation.

2. I have similar misgivings regarding the limited scope of the recommended course of action. As between the four alternatives mentioned, I agree that the more rapid build-up course is clearly indicated in the political, economic and military fields. I feel however that we will have to go much further if we are going to get the support we need from the American and friendly peoples. In the "Draft Report to the President", what we seem to be aiming at is a stepped-up "cold war". I don't think we can get the response we need from the American people by such an approach. What we have to do is to convince not

only their minds but their hearts. What we need to do is to make the "cold war" a "warm war" by infusing into it ideological principles to give it meaning. I realize that this idea is not ignored in these papers; in fact, there are several excellent passages on the subject in the "Study". The "Draft", however, is regarded as deficient in this respect and I feel might be revised to advantage.

I would also suggest that in considering the suggested course of action, we should place greater emphasis on friendly countries becoming real partners in building up the free world. Their limitations are obvious but there is also danger of an imaginative limitation on our part in exploring every available step which our friends as well as we might take.

My general thought in making the foregoing observations is that what we are really up against is a conflict of basic concepts of which the present and prospective power threat to our security is a product. Granted that we must, of course, avoid the danger of a shift in the balance of power in favor of the U.S.S.R., it is obvious that at the same time we have a tremendous problem of making sure that our self-confidence, courage and steadfastness are commensurately strong. We must work at that too.

[Here follow comments on specific points in the Draft Report and the Staff Study.]

I should like to say in conclusion that I am in basic agreement with both the papers and that such suggestions as I have ventured to make have been with reference to emphasis and detail. I might add that, although the "Draft" and the "Study" are basically similar, I found the presentation in the "Study" more forceful.

Policy Planning Staff Files

Memorandum by Mr. Charles E. Bohlen¹ to the Director of the Policy Planning Staff (Nitze)

TOP SECRET

[WASHINGTON,] April 5, 1950.

Subject: Draft State-Defense Staff Study Pursuant to the President's Directive of January 31, 1950.²

There can be no question of the absolute necessity in the present world situation of a strong and adequate U.S. defense position. Therefore, the purpose and the general conclusions reached by this study are, in my

¹ Bohlen, Minister in Paris, returned to Washington in late March to participate in the preparation of the State-Defense staff study. A former Counselor of the Department (1947-1949), Bohlen possessed extensive experience in Soviet affairs including several long assignments in Moscow between 1934 and 1946.

² The documents under reference are described in Under Secretary Webb's memorandum of March 30 and footnotes 2 and 3 thereto, p. 210.

opinion, unchallengeable. The following comments deal primarily with the argumentation which supports the conclusion and suggestions as to presentation and emphasis in order that the recommendations may carry the maximum credence. I shall not deal, for example, with certain differences of emphasis which I personally will introduce concerning the Soviet Union, its intentions and policies in Chapters 3, 4 and 5 since it is unnecessary to go into over-refinement in discussing the motivations of Soviet policies. However, I will make one comment on this section since I believe it affects the balance of the report.

It is open to question whether or not, as stated, the fundamental design of the Kremlin is the domination of the world. If by this is meant this is the chief purpose and, as it were, the *raison d'être* of the Kremlin, this carries the implication that all other considerations are subordinate to this major purpose and that great risks would be run for the sake of its achievement. It tends, therefore, to over-simplify the problem and, in my opinion, leads inevitably to the conclusion that war is inevitable, which then renders the statement of our objectives, i.e., the frustration of the Soviet design by peaceful means and the possibility of bringing about thereby a reorientation of Soviet policy to an extent which would permit the peaceful coexistence of the two systems [*sic*]. I think that the thought would be more accurate if it were to the effect that the fundamental design of those who control the U.S.S.R. is (a) the maintenance of their regime in the Soviet Union, and (b) its extension throughout the world to the degree that is possible without serious risk to the internal regime. I do not wish to belabor this point since it is obviously better to over-simplify in the direction of greater urgency and danger than it is to over-simplify the side of complacency when dealing with Soviet intentions.

I believe my chief suggestion concerning this report, which is excellent in the whole, is that the conclusions do not in every case stem directly from the argumentation. For example, in so far as I am aware, in every major paper on the Soviet problem and on the U.S. role in the present world situation, there has been a recommendation that an essential element in our position must be a strong and adequate defense posture. In this sense, the paper merely reaffirms what has been standard U.S. position, as is demonstrated by the requotation of N.S.C. 20/4.³ The issue, of course, is whether or not our present defense establishment and programs for future development are, in fact, adequate to meet the present world situation and its probable future development. The answer is correctly given that it is not, but I do not believe enough evidence is given to support this contention.

³ NSC 20/4, November 23, 1948. For text, see *Foreign Relations*, 1948, vol. I, Part 2, p. 662.

It is true that the paper refers to our limited capacity of defense in the territorial sense in the event of war, but I rather question that criterion as a valid one for determining the size and adequacy of our defense establishment. If the geographic criterion alone is used, it would seem to entail a defense establishment beyond anything that is reasonable since in order to defend the areas of the world not now under Soviet domination, and of direct interest to the United States, would appear to imply a defense establishment in time of peace which would involve almost full-time war mobilization in the United States and the Atlantic Pact countries.

The most important statements in the paper are those which reveal that the gap is widening between Soviet military power in being and that of the United States and its allies. It seems to me here lies the core of the paper, and perhaps more evidence in support of the thesis, whose validity I do not in any way question, would be very useful in supporting the conclusion that we must make a greater military effort.

Another factor which I think is of some importance is that there is not throughout the paper a clear enough distinction made between the military requirements for a cold war as against those required in the event of actual hostilities. It would seem to be valuable, therefore, to add a section dealing with the consequences, both advantageous and disadvantageous, of the *announcement* and inauguration of a large scale program of rearmament in the circumstances of the cold war. I think we should recognize clearly that in its initial phases and until its results begin to be visible such a program would tend to hamper rather than help in the cold war. I am not suggesting it should not be done, but it should not be presented on the basis that the mere fact of the inauguration of the program would be heartening, etc., to public opinion in the free world. I can elaborate this point with further details if you so desire.

Another point which might be made more precise would be an analysis of exactly what, in the present world, constitutes a deterrent to the launching of war by the Soviet Union. As you know, I believe that too much emphasis has been given to the atomic bomb as a deterrent in the past while we held the monopoly. I think it is difficult to deduce any evidence that this monopoly on our part influenced Soviet policy during this period or abated its aggressiveness. Conversely and logically, there has perhaps been too much emphasis placed upon the effect on Soviet policy of their possession of the atomic weapon. I would like to make the following concrete suggestions for changes in this paper:

(1) While I believe the section on a free versus slave society to be excellent and well worth retaining as supplementary reading, I believe,

for the purposes of this paper, too much attention is devoted to this section. This tends somehow to blur the sharp edge of the effectiveness of the paper by diverting attention to questions which lie more in the realm of political philosophy and which I do not believe are a subject of doubt by the American Government. This might be very good material for publication, speeches, or other media, but tends to detract the reader's attention from the central core of this paper by the dangerous and growing discrepancy between Soviet military power and that of the free world. I would therefore suggest that this material be shortened, leaving only those parts which make it plain that the Soviet Union is an implacable enemy of the United States and all it stands for and can only be checked by a sufficient strength to render recourse to war suicidal for the men who run Russia.

(2) I would suggest that the N.S.C. paper be either referred to or taken out of the conclusions and recommendations, since that is supposedly already adopted American policy.

(3) Since for understandable reasons it is not up to the State Department to make a detailed estimate of the military requirements in the situation, which I gather is the reason why the recommendation is left very general on this point, it seems to me wise for us to spell out in greater detail what we think is necessary in the political and economic fields in order to enhance the chance of success in the cold war.

(4) In the military field, I believe we should emphasize very strongly the importance from the point of view of our over-all policy and those of our allies, of an intelligent direction in the building up of our armed forces whereby we would draw upon our technological and scientific superiority for the development of new weapons of war which could achieve the same result advantageously at less than the cost of mass production of present standard weapons. For example, we could concentrate our attention through research and development on the further development of: (a) anti-tank weapons, (b) guided missiles in defense against aircraft, (c) development of fighter interceptor aircraft, (d) anti-submarine measures, and (e) the effective striking force of strategic bombers.

It would seem appropriate in this connection that the Department of State might point out the great political and psychological advantages of development, in Europe particularly, a military establishment centered around these weapons. (a) It would be primarily defensive and hence would mitigate any risk of provocation and render more difficult the present successful exploitation of Soviet propaganda charge that we are preparing aggressive warfare. (b) It would permit, if the development of new weapons of this type were successful, the creation of a much smaller semi-professional army which could eliminate the very real danger of Communist infiltration in the Armed Forces, which would certainly occur in any large scale mobilization in Western Europe. (c) It would impose a very much smaller strain on our respective economies.

To sum up, I suggest that the recommendation be pointed up along the following lines:

(1) The present and dangerous discrepancy between Soviet military power and that of the West cannot be allowed to continue.

(2) In order to avoid kicking off a full-scale rearmament program of the standard nature, with all the consequences, political and economic, which that might involve, the President should direct that maximum effort, including the requisite funds, should be given to a program of research and development in modern weapons of war with a view to overcoming this deficiency by quality rather than quantity.

Policy Planning Staff Files

*Memorandum by the Assistant Secretary of State for Public Affairs
(Barrett) to the Secretary of State¹*

TOP SECRET

[WASHINGTON,] April 6, 1950.

Subject: State-Defense Study Group Papers

I consider this a magnificent job of analyzing the problem. I have a number of minor suggestions regarding phraseology, which I either have passed along or am passing along to Paul Nitze's staff.

Regarding the organization of the paper, the real conclusions seem to me to be at the last of Section 9. If it is anticipated that some of those dealing with this paper will have to read it rather hastily, I suggest that these should be more clearly labeled as the real conclusions, whether by putting them at the end of the paper, or by referring to them more definitely and precisely in Section 10.

My most important point: the whole paper seems to me to point to a gigantic armament race, a huge buildup of conventional arms that quickly become obsolescent, a greatly expanded military establishment in being. I think that, however much we whip up sentiment, we are going to run into vast opposition among informed people to a huge arms race. We will be warned that we are heading toward a "garrison state". Moreover, even if we should sell the idea, I fear that the U.S. public would rapidly tire of such an effort. In the absence of real and continuing crises, a dictatorship can unquestionably out-last a democracy in a conventional armament race.

On the other hand, I believe the American public can be sold on programs to build up our strength in those fields in which we have natural superiority. These are:

1. Economic and technical—as reflected in Point IV and a continuing ECA program;

¹ Transmitted through Under Secretary of State Webb.

2. Psychological, as could be reflected in an information and psychological warfare offensive; ²

3. (and most important) Scientific and technical know-how in the armament field—which should be reflected in a gigantic mobilization of the nation's scientific brains to launch the greatest new weapons and research program in history.

Only a small portion of the current thirteen billion dollar Defense budget is going into new weapons and research of the type that Vannevar Bush emphasizes in his book.³ Scientists have left the Government since the war and are still leaving the Government. I feel confident that the American people could be sold and be kept sold on a massive program of developing new weapons and the relatively small technical crews needed to man them. Examples are super anti-tank weapons and anti-aircraft guided missiles. I believe a few billion dollars spent in this direction would give the reassurance the rest of the free world needs and would have continuing popular support in this country.

How this can be embodied in the present paper, I am not sure. I would suggest at least some rephrasing of chapters 9 and 10, to put much more emphasis on these points. I would add that this idea should be given thorough study in connection with the papers which are to follow the current ones.

This whole plan underscores again the wisdom of the current proposal for a cold war headquarters, probably attached directly to the White House.

If and when this whole project is approved by the President, the public education campaign must obviously receive the most careful study. I will forward within the next few days some detailed recommendations for this campaign. In the meantime, I would like to point out the following: The first step in the campaign is obviously building up a full public awareness of the problem. This might take three months or it might require no more than ten days. My hunch is that it will be nearer ten days. We must be sure that the Government is in a position to come forward with positive steps to be taken just as soon as the atmosphere is right. It is imperative, for both domestic and overseas reasons, that there should not be too much of a time lag between the creation of a public awareness of the problem and the setting forth of a positive Government program to solve that problem.

In other words, we should have at least the broad proposals for action well in hand before the psychological "scare campaign" is started.

² Documentation on the United States foreign information program is scheduled for publication in volume IV.

³ Vannevar Bush, *Modern Arms and Free Men: A Discussion of the Role of Science in Preserving Democracy* (New York: Simon and Schuster, 1949).

Policy Planning Staff Files

*Mr. Vannevar Bush¹ to the Chairman of the Joint Chiefs of Staff
(Bradley)*

TOP SECRET

WASHINGTON, April 13, 1950.

DEAR GENERAL BRADLEY: I have recently worked with the Army, in a group assembled by Secretary Gray,² on problems concerning defense of a line in Europe. The direct results have been embodied in a report which will no doubt have serious attention.³

In the course of that study I have again after a considerable interval delved into many military matters, and I have come to a number of personal conclusions which reach far beyond the scope of the directive which initiated that study. They are serious and disturbing conclusions. I have accordingly summarized them briefly in this letter, which I place in your hands to use as you may see fit.

The problem of defense of the United States is in a serious condition, at which I am appalled. If this problem is attacked vigorously at this time, and properly coordinated, with first things coming first, it can be put in satisfactory condition in a few years. If we drift as we are going, it will remain in unsatisfactory condition and might well lead to disaster.

There has been, since the war, a profound alteration in conditions, and we have not yet altered our approach to meet them. Soon after the war it appeared, with the A-bomb in our sole possession, and with adequate means of delivering it, that we would thus maintain the peace of the world. Further, if war broke out suddenly, we could promptly bring it to a successful conclusion by this means alone. This may or may not have been true at the time; it is certainly not true now. We have no monopoly of the A-bomb, and the defense against bomber attack has increased enormously and is increasing every day.

The result is that if war should break out tomorrow it would be a long desperate war, in which we would suffer major initial disasters, and in which we could hope to prevail only after a period of years by the ultimate weight of our industrial potential, and after irreparable damage.

We have recognized the altering conditions in our national policy. The Marshall Plan has prevented the conquest of Western Europe

¹ President of the Carnegie Institution of Washington; Director of the Office of Scientific Research and Development during World War II.

² Gordon Gray, Secretary of the Army.

³ For documentation on the report under reference, see vol. III, pp. 1 ff.

by subversion. The Truman doctrine has ended advance by military catspaws in Europe, if not in the Far East. We trust these are permanent checks and can be maintained. We extend military aid to Europe. The Atlantic Pact and our military policy recognize that our forward lines lie in Europe, we trust well to the east. These are wise steps. But our military programs have not evolved correspondingly to meet the issues.

The result is that, while we recognize the position of the front line, neither we nor our Allies are in a position to defend it. While we recognize that we must support our Allies we are not in a position successfully to do so.

The situation is not a desperate one in the long run for three reasons:—first, I believe our people are facing the facts as far as they know them with courage and determination; second, our potential enemy has his troubles and probably will not move at once; third, there are real and important technical developments which can form the basis for a vigorous, intelligent program to place us in condition to carry out our commitments. We wish to be so strong we can prevent war. We are not in that condition now. We will not get into that condition along the present path. But it can be done.

To be adequately strong, we must accomplish several very definite things and these break down readily in terms of the missions of our three Services. I will treat them in that manner, and come to the Army last, for there is where I can be most definite.

First let me consider the mission of the Air Force. The keynote here is that we should face facts. We should have an adequate strategic bomber force to deliver our A-bombs successfully on the optimum targets. But we should not assume that these are the targets of five years ago. There should be, and is under way, a factual and analytical study of the probability of penetrating to key Russian targets with acceptable attrition. In my personal opinion it is not now possible to make such penetration to some targets and more will soon be excluded, but our plans should rest on a more secure foundation than personal opinion. The analysis needs to include the rising power and effectiveness of radar warning nets and ground control, antiaircraft artillery of modern type, ground to air missiles, and jet pursuits. It may be, even now, that the use of A-bombs to slow the march of Russian armies would be wiser than to attempt to place them on key Russian industrial sites, or on secondary targets of that nature if the primary targets are highly defended. I do not pass judgment on this, as I have not examined it closely, but it should be ruthlessly examined. On the basis of such examination we should have in being a strategic force capable of delivering A-bombs as needed in a reasonable time to the right spots, and no more. If we are still operating under the theory that a force

that could handle our entire stock in a short time could thus end the war, we are engaging in wishful thinking and wasting our substance. Beyond this, if we are building bombers to carry ordinary high explosives to industrial targets we are certainly living in the past. Along with a reevaluation of this matter should go intense effort on every new and promising device which will enhance our ability to penetrate, without devoting effort to the fantastic.

But strategic bombing is not the sole responsibility of the Air Force. There are others, and as the scene shifts they increase in importance. They have been neglected. This may be no more the fault of the Air Force than of national thinking generally, but it is time we snapped out of it. The war is not going to be won by the Air Force alone, but by the Army, Navy, and Air Force in collaboration and concert.

We cannot win a war and emerge in sound condition without adequate armies of our own and of our Allies to hold a line, preserve industrial power for our use, and furnish a secure base for later advance. A modern army cannot fight a modern war without adequate tactical air support in all its many phases. We have no tactical air force worthy of the name, nor have our Allies. Our enemy has always placed great weight on tactical air and is doing so now. We cannot allow our armies or those of our Allies to fight without such support or they will be overwhelmed. We had better get at it. It will require more than a system by which the Air Force supplies the Army with such cover of this sort as it thinks the Army needs.

We have to look to our home defense, for we cannot ignore A-bombs in enemy hands. In so doing the primary principle should be that we will not be deluded by a Maginot Line complex. An attempt to defend every point in this country fully could bankrupt us and moreover could never be successful. But there are new forms of radar, new guided missiles, new anti-aircraft rockets, new ways of handling interceptors. With careful planning we can do a reasonable job, and not attempt the extreme job that would wreck us. I warn against overburdening the economy and impairing the offensive if there is clamor for extreme measures for home defense. We must remember that our forward line is in Europe, and that no war was ever won by remaining on the defensive. Still I would rather see an adequate radar defense network than a television set in every home, which seems to be about what we are going to get.

The Air Force needs to do a thorough job of re-evaluation and soul searching. It has got to get down to earth in doing so in a real sense. Moreover, it must be in the position of having to substantiate its programs before a tribunal competent and willing to judge them from every angle on a ruthlessly analytical and factual basis. This applies to every Service, of course. But it applies particularly to the Air Force,

for, in their enthusiasm, which is an indispensable and invaluable asset, I feel that they have been drawn down a single line of reasoning much too long.

I now turn to the Navy, and I am going to be equally critical. I do so with profound sympathy for the Navy's dilemma, but I cannot be realistic and be otherwise than critical. Having defended the country as its first line of defense for generations, sometimes in spite of itself, having fought a war in which it covered itself with honor, the Navy entered a period of uneasy peace in which it was no longer the first line and in which it faced an antagonist which had no surface navy of moment. It would have been strange had there been no divided councils, no searching for glorious paths. When strategic bombing was regarded as a cure-all, before its unique importance faded, the Navy sought to participate in this. Perhaps it might have to advantage; there are technical possibilities here which should not be ignored; but it is certainly not the main job of the Navy. Having reluctantly abandoned the battleship built to fight battleships, it has clung tenaciously to the carrier with which it won great battles. Now the carrier is not obsolete. It certainly has a use in carrying force promptly to remote places, and in small sizes it has a use in anti-submarine warfare. But the great carrier, in my opinion, is now not worth the cost of building, maintaining and supporting it. I do not ignore the great strides which have been made in means for anti-aircraft defense of carriers, but I believe a carrier cannot today successfully operate within the range of land-based aircraft in the hands of an enemy which has them in quantity, and would fight them well and press attacks home. We face such an enemy.

The primary mission of the Navy is to control the seas, to insure in time of war the transport of armies and the supply of friendly civilian populations. I am of the firm opinion that, if war broke out tomorrow, we would not be able to perform that mission successfully. I realize that there has been a recent report on this matter coming to this conclusion, which in the judgment of its authors is preliminary only and based on intelligence of doubtful validity. I am convinced that further careful study will bear out its conclusions.

There has been much talk of the snorkel and of the high-speed submarine of long underwater endurance. These are truly important, but they are not the innovations which leave me appalled when I view the problem of maintenance of overseas transport. The long range homing torpedo, the modern mine, and the guided bomb are much worse.

When a torpedo appeared which could outrange sonar by a wide margin, which could home on its target by one of several methods, and which could be launched by submarines having the snorkel and

high speed, much of the paraphernalia by which we fought submarines in the last war became obsolete. When mines were developed which could be placed from the air, which could be swept only with great difficulty and serious losses, the power of an enemy to deny the use of ports was multiplied radically. At present we are in no position to cope with these threats.

If we cannot maintain transport over the seas, all else is in vain. We should lose our troops and our friends, and be driven back to this continent to face a decade or a generation of desperate strife. It is of no use to speak of airlift; we consider millions of tons of cargo, which has to move in displacement ships of relatively low speed, whatever we may do for the supply of bases or the like. Nor is it helpful to expect some scientists to pull a rabbit out of a hat and alter the whole affair. There will be no rabbits. What lies ahead is an intricate, prolonged program, advancing and developing dozens of promising leads and new devices. Most important, what lies ahead is a change in our manner of thinking. If we live in the past we will be defeated.

The situation is by no means hopeless. The most encouraging factor is a new spirit and a new facing of hard facts in the Navy itself. But mere resolution and determination in the Navy alone will not do it. The swing in emphasis must be real and complete, the Navy must truly devote its main energy to its primary mission, and the Navy's will to proceed must be backed by the Defense Establishment, the President, and the Congress. That, and some years of hard inglorious work, will do the job. There are technical possibilities in embryo which give encouragement and there will be more if the ones now present are really pushed. It is our present number one national military problem.

I turn finally to the Army, and here my criticism takes a different form. Traditionally, air and sea fighting have involved complex techniques and land fighting has been relatively simple. This is a fallacy. Fighting on land, with mechanized armies, rocket-bearing aircraft, modern communications, and tactical aircraft, is as complex as either sea or air fighting. Yet, traditionally, in every war land warfare has begun with the implements of the previous conflict. The tank, for example, could have been ready in the first war and was used to advantage only in the second.

Since the war ended the Army, burdened as is no other Service by its occupation duties, has not advanced new techniques and methods adequately. Its expenditures on research and development have been half of those of either other Service. Its new procurement of advanced material has been almost negligible. It has been thinking primarily, in its higher echelons, in terms of numbers of divisions, conventional logistics, relations with the civilian economy, mobilization, and re-

serves. These it must think of, and I do not wish to seem oblivious to the many tough problems it has had to face, nor to the remarkable record it has made in occupation in which we take pride. But its thinking has not been, on the whole, and in the upper echelons, modern and imaginative. This is shown by its research, development, and procurement policies. These have been forced on it by the budget, but the budget would have been different had there been real drive and conviction present.

The main mission of the Army, if war comes, will be first to hold lines, and this will continue to be its mission until rising strength allows the mounting of an offensive. The holding of a modern line is a complex matter involving armor, land mines, tactical air, anti-aircraft, and such else.

Here lies opportunity. It is an opportunity such as appears once in a military generation.

The Russians have 40,000 tanks. Their whole program rests on these, and on masses of men, artillery and air cover. The tanks are the spearhead and the focus. Many of them are heavy tanks, and the best tanks in the world by current measure.

We have the means of rendering those heavy tanks obsolete, of turning a great asset into a liability, of throwing the enemy preparations into confusion and forcing upon him sweeping readjustments which will take him years. We have the means in embryo in our hands now. If we had been sufficiently alert we could have had them several years ago, but at least we have them now.

There has been built and tested ammunition for a gun which can penetrate any armor a tank can carry. It can be used in guns of high precision and of adequate range. Moreover, it can be used in light inexpensive guns, which can be used as squad weapons or carried in a jeep. When, for the cost of one tank, 100 guns can be built which can destroy it at a single shot at considerable range, the day of the tank fades. When a jeep can meet a heavy tank and be a match for it, the day of the heavy tank is done. All that is justified thereafter is the light vehicle armored against machine guns and fragments. The main reliance for the breakthrough, the heavy tank, is countered.

Whether we seize the opportunity or not depends upon whether we live in the past or in the future. We will undoubtedly do the obvious: speed up research and development in this area, develop new guns, new vehicles and ammunition. But really to seize the opportunity means to put our backs behind it; to bring forward trial production, to conduct maneuvers for evaluation and guidance, to cut red tape if it interferes with progress. Moreover it means getting our Allies going, with their own development, production, and training, with all the complexities this involves under our system of foreign aid. There is one thing sure.

Nothing we would do for our Allies would so raise their morale, so stimulate their will to fight, as to place in their hands ample weapons with which to stop the tank.

This opportunity to defeat armor is the focus, but it does not stand alone. For an army to fight and hold lines it must defend itself against the low-flying aircraft carrying machine guns for strafing and rockets for penetration. There are also promising new weapons against these. It must defend its ports and its depots against the bomber. There are under development devices, such as new antiaircraft guns and rockets, and ground to air missiles, which can impose 50% attrition on any high-flying bombers that attack such a strong point, and with concentration and effort more attrition even than this. There are anti-tank mines, and there can be new means of laying them rapidly. There must be tactical air, and this has been discussed.

By vigorous action now we can, in time, place Europe in the position where it, alone, could hold off the Russian hordes until we could arrive in force. When that day comes we will live in a different sort of world.

This discussion would be incomplete if I did not write of costs. On everything I have written I have had in mind primarily a change in emphasis rather than new additions to effort. With the amount we are putting into national defense, with all of it including our aid to allies of one form or another, much can be accomplished, very much if we merely realign our sights. Can all that I have outlined be thus accomplished? I do not know. This requires a full examination of where we can safely retract as well as where we must add. I do know that I would sacrifice some conventional things to the ends I have in mind if this were necessary and I believe some of this is necessary and should be done. Beyond this if necessary I would go farther. The American people are willing to pay taxes, they are willing to forego more pleasant things if necessary, for real defense, if convinced the money is well spent. If necessary to accomplish the end of placing ourselves in sound military condition I would increase the national expenditure for military purposes. But certainly most of what I here consider involves a change of emphasis rather than merely more money, and to that extent it is now possible if we have the will and agility to meet the issue, quite apart from the profound question of how much of our national income we can spend on military matters without wrecking the national economy.

The primary desideration is that we should think fearlessly, without prejudice or false service interests, that we should face tough facts, and that we should act. We have the organizational machinery for all this, if it will function with sufficient vigor, and if it is allowed to do so. We need to get up to date, and to tackle our really central

military problems with all our energy. We have the opportunity, if we have the will.

Cordially yours,

V. BUSH

S/S-NSC Files : Lot 63D351 : NSC 68 Series

*A Report to the National Security Council by the Executive Secretary (Lay)*¹

TOP SECRET
NSC 68

WASHINGTON, April 14, 1950.

NOTE BY THE EXECUTIVE SECRETARY TO THE NATIONAL SECURITY COUNCIL ON UNITED STATES OBJECTIVES AND PROGRAMS FOR NATIONAL SECURITY

References: A. NSC 20/4²

B. Memo for NSC from Executive Secretary, same subject, dated April 14, 1950³

The enclosed letter by the President and the Report by the Secretaries of State and Defense referred to therein are transmitted herewith for consideration by the National Security Council, the Secretary of the Treasury, the Economic Cooperation Administrator, the Director of the Bureau of the Budget, and the Chairman, Council of Economic Advisers, at the next regularly scheduled meeting of the Council on Thursday, April 20, 1950.

A proposed procedure for carrying out the President's directive as a matter of urgency is being circulated for concurrent consideration in the reference memorandum of April 14.

It is requested that this report be handled with special security precautions in accordance with the President's desire that no publicity be given this report or its contents without his approval.

JAMES S. LAY, JR.

[Enclosure 1]

The President to the Executive Secretary of the National Security Council (Lay)

TOP SECRET

WASHINGTON, April 12, 1950.

DEAR MR. LAY: After consideration of the Report by the Secretaries of State and Defense, dated April 7, 1950, re-examining our

¹ Copies of this report were transmitted to the Secretary of the Treasury, the Economic Cooperation Administrator, the Director of the Bureau of the Budget, and the Chairman of the Council of Economic Advisers.

² Of November 23, 1948; for text, see *Foreign Relations*, 1948, vol. I, Part 2, p. 662.

³ Not printed.

objectives in peace and war and the effect of these objectives on our strategic plans, I have decided to refer that Report to the National Security Council for consideration, with the request that the National Security Council provide me with further information on the implications of the Conclusions contained therein. I am particularly anxious that the Council give me a clearer indication of the programs which are envisaged in the Report, including estimates of the probable cost of such programs.

Because of the effect of these Conclusions upon the budgetary and economic situation, it is my desire that the Economic Cooperation Administrator, the Director of the Bureau of the Budget, and the Chairman, Council of Economic Advisers, participate in the consideration of this Report by the Council, in addition to the regular participation of the Secretary of the Treasury.

Pending the urgent completion of this study, I am concerned that action on existing programs should not be postponed or delayed. In addition, it is my desire that no publicity be given to this Report or its contents without my approval.

Sincerely yours,

HARRY S. TRUMAN

[Enclosure 2]

A Report to the President Pursuant to the President's Directive of January 31, 1950⁴

TOP SECRET

[WASHINGTON,] April 7, 1950.

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⁴ *Ante*, p. 141.

⁵ The page numbers listed below refer to the source text.

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TERMS OF REFERENCE

The following report is submitted in response to the President's directive of January 31 which reads:

"That the President direct the Secretary of State and the Secretary of Defense to undertake a reexamination of our objectives in peace and war and of the effect of these objectives on our strategic plans, in the light of the probable fission bomb capability and possible thermonuclear bomb capability of the Soviet Union."

The document which recommended that such a directive be issued^a reads in part:

"It must be considered whether a decision to proceed with a program directed toward determining feasibility prejudices the more fundamental decisions (a) as to whether, in the event that a test of a thermonuclear weapon proves successful, such weapons should be stockpiled, or (b) if stockpiled, the conditions under which they might be used in war. If a test of a thermonuclear weapon proves successful, the pressures to produce and stockpile such weapons to be held for the same purposes for which fission bombs are then being held will be greatly increased. The question of use policy can be adequately assessed only as a part of a general reexamination of this country's strategic plans and its objectives in peace and war. Such reexamination would need to

^a Reference is to the Report by the Special Committee of the National Security Council to President Truman on the Development of Thermonuclear Weapons, January 31, 1950; for text, see p. 513.

consider national policy not only with respect to possible thermonuclear weapons, but also with respect to fission weapons—viewed in the light of the probable fission bomb capability and the possible thermonuclear bomb capability of the Soviet Union. The moral, psychological, and political questions involved in this problem would need to be taken into account and be given due weight. The outcome of this reexamination would have a crucial bearing on the further question as to whether there should be a revision in the nature of the agreements, including the international control of atomic energy, which we have been seeking to reach with the U.S.S.R.”

ANALYSIS

I. BACKGROUND OF THE PRESENT CRISIS

Within the past thirty-five years the world has experienced two global wars of tremendous violence. It has witnessed two revolutions—the Russian and the Chinese—of extreme scope and intensity. It has also seen the collapse of five empires—the Ottoman, the Austro-Hungarian, German, Italian and Japanese—and the drastic decline of two major imperial systems, the British and the French. During the span of one generation, the international distribution of power has been fundamentally altered. For several centuries it had proved impossible for any one nation to gain such preponderant strength that a coalition of other nations could not in time face it with greater strength. The international scene was marked by recurring periods of violence and war, but a system of sovereign and independent states was maintained, over which no state was able to achieve hegemony.

Two complex sets of factors have now basically altered this historical distribution of power. First, the defeat of Germany and Japan and the decline of the British and French Empires have interacted with the development of the United States and the Soviet Union in such a way that power has increasingly gravitated to these two centers. Second, the Soviet Union, unlike previous aspirants to hegemony, is animated by a new fanatic faith, antithetical to our own, and seeks to impose its absolute authority over the rest of the world. Conflict has, therefore, become endemic and is waged, on the part of the Soviet Union, by violent or non-violent methods in accordance with the dictates of expediency. With the development of increasingly terrifying weapons of mass destruction, every individual faces the ever-present possibility of annihilation should the conflict enter the phase of total war.

On the one hand, the people of the world yearn for relief from the anxiety arising from the risk of atomic war. On the other hand, any substantial further extension of the area under the domination of the Kremlin would raise the possibility that no coalition adequate to

confront the Kremlin with greater strength could be assembled. It is in this context that this Republic and its citizens in the ascendancy of their strength stand in their deepest peril.

The issues that face us are momentous, involving the fulfillment or destruction not only of this Republic but of civilization itself. They are issues which will not await our deliberations. With conscience and resolution this Government and the people it represents must now take new and fateful decisions.

II. FUNDAMENTAL PURPOSE OF THE UNITED STATES

The fundamental purpose of the United States is laid down in the Preamble to the Constitution: ". . . to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity." In essence, the fundamental purpose is to assure the integrity and vitality of our free society, which is founded upon the dignity and worth of the individual.

Three realities emerge as a consequence of this purpose: Our determination to maintain the essential elements of individual freedom, as set forth in the Constitution and Bill of Rights; our determination to create conditions under which our free and democratic system can live and prosper; and our determination to fight if necessary to defend our way of life, for which as in the Declaration of Independence, "with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our lives, our Fortunes and our sacred Honor."

III. FUNDAMENTAL DESIGN OF THE KREMLIN

The fundamental design of those who control the Soviet Union and the international communist movement is to retain and solidify their absolute power, first in the Soviet Union and second in the areas now under their control. In the minds of the Soviet leaders, however, achievement of this design requires the dynamic extension of their authority and the ultimate elimination of any effective opposition to their authority.

The design, therefore, calls for the complete subversion or forcible destruction of the machinery of government and structure of society in the countries of the non-Soviet world and their replacement by an apparatus and structure subservient to and controlled from the Kremlin. To that end Soviet efforts are now directed toward the domination of the Eurasian land mass. The United States, as the principal center of power in the non-Soviet world and the bulwark of opposition to Soviet expansion, is the principal enemy whose integrity and vitality must be subverted or destroyed by one means or another if the Kremlin is to achieve its fundamental design.

IV. THE UNDERLYING CONFLICT IN THE REALM OF IDEAS AND VALUES BETWEEN THE U.S. PURPOSE AND THE KREMLIN DESIGN

A. *Nature of conflict:*

The Kremlin regards the United States as the only major threat to the achievement of its fundamental design. There is a basic conflict between the idea of freedom under a government of laws, and the idea of slavery under the grim oligarchy of the Kremlin, which has come to a crisis with the polarization of power described in Section I, and the exclusive possession of atomic weapons by the two protagonists. The idea of freedom, moreover, is peculiarly and intolerably subversive of the idea of slavery. But the converse is not true. The implacable purpose of the slave state to eliminate the challenge of freedom has placed the two great powers at opposite poles. It is this fact which gives the present polarization of power the quality of crisis.

The free society values the individual as an end in himself, requiring of him only that measure of self discipline and self restraint which make the rights of each individual compatible with the rights of every other individual. The freedom of the individual has as its counterpart, therefore, the negative responsibility of the individual not to exercise his freedom in ways inconsistent with the freedom of other individuals and the positive responsibility to make constructive use of his freedom in the building of a just society.

From this idea of freedom with responsibility derives the marvelous diversity, the deep tolerance, the lawfulness of the free society. This is the explanation of the strength of free men. It constitutes the integrity and the vitality of a free and democratic system. The free society attempts to create and maintain an environment in which every individual has the opportunity to realize his creative powers. It also explains why the free society tolerates those within it who would use their freedom to destroy it. By the same token, in relations between nations, the prime reliance of the free society is on the strength and appeal of its idea, and it feels no compulsion sooner or later to bring all societies into conformity with it.

For the free society does not fear, it welcomes, diversity. It derives its strength from its hospitality even to antipathetic ideas. It is a market for free trade in ideas, secure in its faith that free men will take the best wares, and grow to a fuller and better realization of their powers in exercising their choice.

The idea of freedom is the most contagious idea in history, more contagious than the idea of submission to authority. For the breadth of freedom cannot be tolerated in a society which has come under the domination of an individual or group of individuals with a will to absolute power. Where the despot holds absolute power—the

absolute power of the absolutely powerful will—all other wills must be subjugated in an act of willing submission, a degradation willed by the individual upon himself under the compulsion of a perverted faith. It is the first article of this faith that he finds and can only find the meaning of his existence in serving the ends of the system. The system becomes God, and submission to the will of God becomes submission to the will of the system. It is not enough to yield outwardly to the system—even Ghandian non-violence is not acceptable—for the spirit of resistance and the devotion to a higher authority might then remain, and the individual would not be wholly submissive.

The same compulsion which demands total power over all men within the Soviet state without a single exception, demands total power over all Communist Parties and all states under Soviet domination. Thus Stalin has said that the theory and tactics of Leninism as expounded by the Bolshevik party are mandatory for the proletarian parties of all countries. A true internationalist is defined as one who unhesitatingly upholds the position of the Soviet Union and in the satellite states true patriotism is love of the Soviet Union. By the same token the “peace policy” of the Soviet Union, described at a Party Congress as “a more advantageous form of fighting capitalism”, is a device to divide and immobilize the non-Communist world, and the peace the Soviet Union seeks is the peace of total conformity to Soviet policy.

The antipathy of slavery to freedom explains the iron curtain, the isolation, the autarchy of the society whose end is absolute power. The existence and persistence of the idea of freedom is a permanent and continuous threat to the foundation of the slave society; and it therefore regards as intolerable the long continued existence of freedom in the world. What is new, what makes the continuing crisis, is the polarization of power which now inescapably confronts the slave society with the free.

The assault on free institutions is world-wide now, and in the context of the present polarization of power a defeat of free institutions anywhere is a defeat everywhere. The shock we sustained in the destruction of Czechoslovakia was not in the measure of Czechoslovakia’s material importance to us.⁷ In a material sense, her capabilities were already at Soviet disposal. But when the integrity of Czechoslovak institutions was destroyed, it was in the intangible scale of values that we registered a loss more damaging than the material loss we had already suffered.

Thus unwillingly our free society finds itself mortally challenged by the Soviet system. No other value system is so wholly irreconcilable

⁷ For documentation on the Czechoslovak governmental crisis of February 1948, see *Foreign Relations*, 1948, vol. iv, pp. 733 ff.

with ours, so implacable in its purpose to destroy ours, so capable of turning to its own uses the most dangerous and divisive trends in our own society, no other so skillfully and powerfully evokes the elements of irrationality in human nature everywhere, and no other has the support of a great and growing center of military power.

B. Objectives:

The objectives of a free society are determined by its fundamental values and by the necessity for maintaining the material environment in which they flourish. Logically and in fact, therefore, the Kremlin's challenge to the United States is directed not only to our values but to our physical capacity to protect their environment. It is a challenge which encompasses both peace and war and our objectives in peace and war must take account of it.

1. Thus we must make ourselves strong, both in the way in which we affirm our values in the conduct of our national life, and in the development of our military and economic strength.

2. We must lead in building a successfully functioning political and economic system in the free world. It is only by practical affirmation, abroad as well as at home, of our essential values, that we can preserve our own integrity, in which lies the real frustration of the Kremlin design.

3. But beyond thus affirming our values our policy and actions must be such as to foster a fundamental change in the nature of the Soviet system, a change toward which the frustration of the design is the first and perhaps the most important step. Clearly it will not only be less costly but more effective if this change occurs to a maximum extent as a result of internal forces in Soviet society.

In a shrinking world, which now faces the threat of atomic warfare, it is not an adequate objective merely to seek to check the Kremlin design, for the absence of order among nations is becoming less and less tolerable. This fact imposes on us, in our own interests, the responsibility of world leadership. It demands that we make the attempt, and accept the risks inherent in it, to bring about order and justice by means consistent with the principles of freedom and democracy. We should limit our requirement of the Soviet Union to its participation with other nations on the basis of equality and respect for the rights of others. Subject to this requirement, we must with our allies and the former subject peoples seek to create a world society based on the principle of consent. Its framework cannot be inflexible. It will consist of many national communities of great and varying abilities and resources, and hence of war potential. The seeds of conflicts will inevitably exist or will come into being. To acknowledge this is only to acknowledge the impossibility of a final solution. Not to acknowledge it can be fatally dangerous in a world in which there are no final solutions.

All these objectives of a free society are equally valid and necessary in peace and war. But every consideration of devotion to our fundamental values and to our national security demands that we seek to achieve them by the strategy of the cold war. It is only by developing the moral and material strength of the free world that the Soviet regime will become convinced of the falsity of its assumptions and that the pre-conditions for workable agreements can be created. By practically demonstrating the integrity and vitality of our system the free world widens the area of possible agreement and thus can hope gradually to bring about a Soviet acknowledgement of realities which in sum will eventually constitute a frustration of the Soviet design. Short of this, however, it might be possible to create a situation which will induce the Soviet Union to accommodate itself, with or without the conscious abandonment of its design, to coexistence on tolerable terms with the non-Soviet world. Such a development would be a triumph for the idea of freedom and democracy. It must be an immediate objective of United States policy.

There is no reason, in the event of war, for us to alter our over-all objectives. They do not include unconditional surrender, the subjugation of the Russian peoples or a Russia shorn of its economic potential. Such a course would irrevocably unite the Russian people behind the regime which enslaves them. Rather these objectives contemplate Soviet acceptance of the specific and limited conditions requisite to an international environment in which free institutions can flourish, and in which the Russian peoples will have a new chance to work out their own destiny. If we can make the Russian people our allies in the enterprise we will obviously have made our task easier and victory more certain.

The objectives outlined in NSC 20/4 (November 23, 1948)^s and quoted in Chapter X, are fully consistent with the objectives stated in this paper, and they remain valid. The growing intensity of the conflict which has been imposed upon us, however, requires the changes of emphasis and the additions that are apparent. Coupled with the probable fission bomb capability and possible thermonuclear bomb capability of the Soviet Union, the intensifying struggle requires us to face the fact that we can expect no lasting abatement of the crisis unless and until a change occurs in the nature of the Soviet system.

C. *Means:*

The free society is limited in its choice of means to achieve its ends. Compulsion is the negation of freedom, except when it is used to enforce the rights common to all. The resort to force, internally or

^s For text, see *Foreign Relations*, 1948, vol. I, Part 2, p. 662.

externally, is therefore a last resort for a free society. The act is permissible only when one individual or groups of individuals within it threaten the basic rights of other individuals or when another society seeks to impose its will upon it. The free society cherishes and protects as fundamental the rights of the minority against the will of a majority, because these rights are the inalienable rights of each and every individual.

The resort to force, to compulsion, to the imposition of its will is therefore a difficult and dangerous act for a free society, which is warranted only in the face of even greater dangers. The necessity of the act must be clear and compelling; the act must commend itself to the overwhelming majority as an inescapable exception to the basic idea of freedom; or the regenerative capacity of free men after the act has been performed will be endangered.

The Kremlin is able to select whatever means are expedient in seeking to carry out its fundamental design. Thus it can make the best of several possible worlds, conducting the struggle on those levels where it considers it profitable and enjoying the benefits of a pseudo-peace on those levels where it is not ready for a contest. At the ideological or psychological level, in the struggle for men's minds, the conflict is world-wide. At the political and economic level, within states and in the relations between states, the struggle for power is being intensified. And at the military level, the Kremlin has thus far been careful not to commit a technical breach of the peace, although using its vast forces to intimidate its neighbors, and to support an aggressive foreign policy, and not hesitating through its agents to resort to arms in favorable circumstances. The attempt to carry out its fundamental design is being pressed, therefore, with all means which are believed expedient in the present situation, and the Kremlin has inextricably engaged us in the conflict between its design and our purpose.

We have no such freedom of choice, and least of all in the use of force. Resort to war is not only a last resort for a free society, but it is also an act which cannot definitively end the fundamental conflict in the realm of ideas. The idea of slavery can only be overcome by the timely and persistent demonstration of the superiority of the idea of freedom. Military victory alone would only partially and perhaps only temporarily affect the fundamental conflict, for although the ability of the Kremlin to threaten our security might be for a time destroyed, the resurgence of totalitarian forces and the re-establishment of the Soviet system or its equivalent would not be long delayed unless great progress were made in the fundamental conflict.

Practical and ideological considerations therefore both impel us to the conclusion that we have no choice but to demonstrate the superiority of the idea of freedom by its constructive application, and to attempt to change the world situation by means short of war in such a way as to frustrate the Kremlin design and hasten the decay of the Soviet system.

For us the role of military power is to serve the national purpose by deterring an attack upon us while we seek by other means to create an environment in which our free society can flourish, and by fighting, if necessary, to defend the integrity and vitality of our free society and to defeat any aggressor. The Kremlin uses Soviet military power to back up and serve the Kremlin design. It does not hesitate to use military force aggressively if that course is expedient in the achievement of its design. The differences between our fundamental purpose and the Kremlin design, therefore, are reflected in our respective attitudes toward and use of military force.

Our free society, confronted by a threat to its basic values, naturally will take such action, including the use of military force, as may be required to protect those values. The integrity of our system will not be jeopardized by any measures, covert or overt, violent or non-violent, which serve the purposes of frustrating the Kremlin design, nor does the necessity for conducting ourselves so as to affirm our values in actions as well as words forbid such measures, provided only they are appropriately calculated to that end and are not so excessive or misdirected as to make us enemies of the people instead of the evil men who have enslaved them.

But if war comes, what is the role of force? Unless we so use it that the Russian people can perceive that our effort is directed against the regime and its power for aggression, and not against their own interests, we will unite the regime and the people in the kind of last ditch fight in which no underlying problems are solved, new ones are created, and where our basic principles are obscured and compromised. If we do not in the application of force demonstrate the nature of our objectives we will, in fact, have compromised from the outset our fundamental purpose. In the words of the *Federalist* (No. 28) "The means to be employed must be proportioned to the extent of the mischief." The mischief may be a global war or it may be a Soviet campaign for limited objectives. In either case we should take no avoidable initiative which would cause it to become a war of annihilation, and if we have the forces to defeat a Soviet drive for limited objectives it may well be to our interest not to let it become a global war. Our aim in applying force must be to compel the acceptance of terms consistent with our objectives, and our capabilities for the application of force should, therefore, within the limits of what we can sustain over the long pull, be congruent to the range of tasks which we may encounter.

V. SOVIET INTENTIONS AND CAPABILITIES

A. Political and Psychological

The Kremlin's design for world domination begins at home. The first concern of a despotic oligarchy is that the local base of its power and authority be secure. The massive fact of the iron curtain isolating the Soviet peoples from the outside world, the repeated political purges within the U.S.S.R. and the institutionalized crimes of the MVD are evidence that the Kremlin does not feel secure at home and that "the entire coercive force of the socialist state" is more than ever one of seeking to impose its absolute authority over "the economy, manner of life, and consciousness of people" (Vyshinski, "The Law of the Soviet State", p. 74). Similar evidence in the satellite states of Eastern Europe leads to the conclusion that this same policy, in less advanced phases, is being applied to the Kremlin's colonial areas.

Being a totalitarian dictatorship, the Kremlin's objectives in these policies, is the total subjective submission of the peoples now under its control. The concentration camp is the prototype of the society which these policies are designed to achieve, a society in which the personality of the individual is so broken and perverted that he participates affirmatively in his own degradation.

The Kremlin's policy toward areas not under its control is the elimination of resistance to its will and the extension of its influence and control. It is driven to follow this policy because it cannot, for the reasons set forth in Chapter IV, tolerate the existence of free societies; to the Kremlin the most mild and inoffensive free society is an affront, a challenge and a subversive influence. Given the nature of the Kremlin, and the evidence at hand, it seems clear that the ends toward which this policy is directed are the same as those where its control has already been established.

The means employed by the Kremlin in pursuit of this policy are limited only by considerations of expediency. Doctrine is not a limiting factor; rather it dictates the employment of violence, subversion and deceit, and rejects moral considerations. In any event, the Kremlin's conviction of its own infallibility has made its devotion to theory so subjective that past or present pronouncements as to doctrine offer no reliable guide to future actions. The only apparent restraints on resort to war are, therefore, calculations of practicality.

With particular reference to the United States, the Kremlin's strategic and tactical policy is affected by its estimate that we are not only the greatest immediate obstacle which stands between it and world domination, we are also the only power which could release forces in the free and Soviet worlds which could destroy it. The Kremlin's policy toward us is consequently animated by a peculiarly virulent

blend of hatred and fear. Its strategy has been one of attempting to undermine the complex of forces, in this country and in the rest of the free world, on which our power is based. In this it has both adhered to doctrine and followed the sound principle of seeking maximum results with minimum risks and commitments. The present application of this strategy is a new form of expression for traditional Russian caution. However, there is no justification in Soviet theory or practice for predicting that, should the Kremlin become convinced that it could cause our downfall by one conclusive blow, it would not seek that solution.

In considering the capabilities of the Soviet world, it is of prime importance to remember that, in contrast to ours, they are being drawn upon close to the maximum possible extent. Also in contrast to us, the Soviet world can do more with less—it has a lower standard of living, its economy requires less to keep it functioning and its military machine operates effectively with less elaborate equipment and organization.

The capabilities of the Soviet world are being exploited to the full because the Kremlin is inescapably militant. It is inescapably militant because it possesses and is possessed by a world-wide revolutionary movement, because it is the inheritor of Russian imperialism and because it is a totalitarian dictatorship. Persistent crisis, conflict and expansion are the essence of the Kremlin's militancy. This dynamism serves to intensify all Soviet capabilities.

Two enormous organizations, the Communist Party and the secret police, are an outstanding source of strength to the Kremlin. In the Party, it has an apparatus designed to impose at home an ideological uniformity among its people and to act abroad as an instrument of propaganda, subversion and espionage. In its police apparatus, it has a domestic repressive instrument guaranteeing under present circumstances the continued security of the Kremlin. The demonstrated capabilities of these two basic organizations, operating openly or in disguise, in mass or through single agents, is unparalleled in history. The party, the police and the conspicuous might of the Soviet military machine together tend to create an overall impression of irresistible Soviet power among many peoples of the free world.

The ideological pretensions of the Kremlin are another great source of strength. Its identification of the Soviet system with communism, its peace campaigns and its championing of colonial peoples may be viewed with apathy, if not cynicism, by the oppressed totalitariat of the Soviet world, but in the free world these ideas find favorable responses in vulnerable segments of society. They have found a particularly receptive audience in Asia, especially as the Asiatics have been impressed by what has been plausibly portrayed to them as the

rapid advance of the U.S.S.R. from a backward society to a position of great world power. Thus, in its pretensions to being (a) the source of a new universal faith and (b) the model "scientific" society, the Kremlin cynically identifies itself with the genuine aspirations of large numbers of people, and places itself at the head of an international crusade with all of the benefits which derive therefrom.

Finally, there is a category of capabilities, strictly speaking neither institutional nor ideological, which should be taken into consideration. The extraordinary flexibility of Soviet tactics is certainly a strength. It derives from the utterly amoral and opportunistic conduct of Soviet policy. Combining this quality with the elements of secrecy, the Kremlin possesses a formidable capacity to act with the widest tactical latitude, with stealth and with speed.

The greatest vulnerability of the Kremlin lies in the basic nature of its relations with the Soviet people.

That relationship is characterized by universal suspicion, fear and denunciation. It is a relationship in which the Kremlin relies, not only for its power but its very survival, on intricately devised mechanisms of coercion. The Soviet monolith is held together by the iron curtain around it and the iron bars within it, not by any force of natural cohesion. These artificial mechanisms of unity have never been intelligently challenged by a strong outside force. The full measure of their vulnerability is therefore not yet evident.

The Kremlin's relations with its satellites and their peoples is likewise a vulnerability. Nationalism still remains the most potent emotional-political force. The well-known ills of colonialism are compounded, however, by the excessive demands of the Kremlin that its satellites accept not only the imperial authority of Moscow but that they believe in and proclaim the ideological primacy and infallibility of the Kremlin. These excessive requirements can be made good only through extreme coercion. The result is that if a satellite feels able to effect its independence of the Kremlin, as Tito was able to do, it is likely to break away.

In short, Soviet ideas and practices run counter to the best and potentially the strongest instincts of men, and deny their most fundamental aspirations. Against an adversary which effectively affirmed the constructive and hopeful instincts of men and was capable of fulfilling their fundamental aspirations, the Soviet system might prove to be fatally weak.

The problem of succession to Stalin is also a Kremlin vulnerability. In a system where supreme power is acquired and held through violence and intimidation, the transfer of that power may well produce a period of instability.

In a very real sense, the Kremlin is a victim of its own dynamism. This dynamism can become a weakness if it is frustrated, if in its forward thrusts it encounters a superior force which halts the expansion and exerts a superior counterpressure. Yet the Kremlin cannot relax the condition of crisis and mobilization, for to do so would be to lose its dynamism, whereas the seeds of decay within the Soviet system would begin to flourish and fructify.

The Kremlin is, of course, aware of these weaknesses. It must know that in the present world situation they are of secondary significance. So long as the Kremlin retains the initiative, so long as it can keep on the offensive unchallenged by clearly superior counter-force—spiritual as well as material—its vulnerabilities are largely inoperative and even concealed by its successes. The Kremlin has not yet been given real reason to fear and be diverted by the rot within its system.

B. *Economic*

The Kremlin has no economic intentions unrelated to its overall policies. Economics in the Soviet world is not an end in itself. The Kremlin's policy, in so far as it has to do with economics, is to utilize economic processes to contribute to the overall strength, particularly the war-making capacity of the Soviet system. The material welfare of the totalitariat is severely subordinated to the interest of the system.

As for capabilities, even granting optimistic Soviet reports of production, the total economic strength of the U.S.S.R. compares with that of the U.S. as roughly one to four. This is reflected not only in gross national product (1949: U.S.S.R. \$65 billion; U.S. \$250 billion), but in production of key commodities in 1949:

| | U.S. | U.S.S.R. | U.S.S.R. and European Orbit Combined |
|---|-------|----------|---|
| Ingot Steel (million Met. tons) | 80.4 | 21.5 | 28.0 |
| Primary aluminum (thousands Met. tons) | 617.6 | 130-135 | 140-145 |
| Electric power (billion kwh.) | 410 | 72 | 112 |
| Crude oil (million Met. tons) | 276.5 | 33.0 | 38.9 |

Assuming the maintenance of present policies, while a large U.S. advantage is likely to remain, the Soviet Union will be steadily reducing the discrepancy between its overall economic strength and that of the U.S. by continuing to devote proportionately more to capital investment than the U.S.

But a full-scale effort by the U.S. would be capable of precipitately altering this trend. The U.S.S.R. today is on a near maximum production basis. No matter what efforts Moscow might make, only a relatively slight change in the rate of increase in overall production could be brought about. In the U.S., on the other hand, a very rapid absolute expansion could be realized. The fact remains, however, that so long as the Soviet Union is virtually mobilized, and the United States has scarcely begun to summon up its forces, the greater capabilities of the U.S. are to that extent inoperative in the struggle for power. Moreover, as the Soviet attainment of an atomic capability has demonstrated, the totalitarian state, at least in time of peace, can focus its efforts on any given project far more readily than the democratic state.

In other fields—general technological competence, skilled labor resources, productivity of labor force, etc.—the gap between the U.S.S.R. and the U.S. roughly corresponds to the gap in production. In the field of scientific research, however, the margin of United States superiority is unclear, especially if the Kremlin can utilize European talents.

C. Military

The Soviet Union is developing the military capacity to support its design for world domination. The Soviet Union actually possesses armed forces far in excess of those necessary to defend its national territory. These armed forces are probably not yet considered by the Soviet Union to be sufficient to initiate a war which would involve the United States. This excessive strength, coupled now with an atomic capability, provides the Soviet Union with great coercive power for use in time of peace in furtherance of its objectives and serves as a deterrent to the victims of its aggression from taking any action in opposition to its tactics which would risk war.

Should a major war occur in 1950 the Soviet Union and its satellites are considered by the Joint Chiefs of Staff to be in a sufficiently advanced state of preparation immediately to undertake and carry out the following campaigns.

a. To overrun Western Europe, with the possible exception of the Iberian and Scandinavian Peninsulas; to drive toward the oil-bearing areas of the Near and Middle East; and to consolidate Communist gains in the Far East;

b. To launch air attacks against the British Isles and air and sea attacks against the lines of communications of the Western Powers in the Atlantic and the Pacific;

c. To attack selected targets with atomic weapons, now including the likelihood of such attacks against targets in Alaska, Canada, and the United States. Alternatively, this capability, coupled with other actions open to the Soviet Union, might deny the United Kingdom

as an effective base of operations for allied forces. It also should be possible for the Soviet Union to prevent any allied "Normandy" type amphibious operations intended to force a reentry into the continent of Europe.

After the Soviet Union completed its initial campaigns and consolidated its positions in the Western European area, it could simultaneously conduct:

- a.* Full-scale air and limited sea operations against the British Isles;
- b.* Invasions of the Iberian and Scandinavian Peninsulas;
- c.* Further operations in the Near and Middle East, continued air operations against the North American continent, and air and sea operations against Atlantic and Pacific lines of communication; and
- d.* Diversionary attacks in other areas.

During the course of the offensive operations listed in the second and third paragraphs above, the Soviet Union will have an air defense capability with respect to the vital areas of its own and its satellites' territories which can oppose but cannot prevent allied air operations against these areas.

It is not known whether the Soviet Union possesses war reserves and arsenal capabilities sufficient to supply its satellite armies or even its own forces throughout a long war. It might not be in the interest of the Soviet Union to equip fully its satellite armies, since the possibility of defections would exist.

It is not possible at this time to assess accurately the finite disadvantages to the Soviet Union which may accrue through the implementation of the Economic Cooperation Act of 1948, as amended, and the Mutual Defense Assistance Act of 1949. It should be expected that, as this implementation progresses, the internal security situation of the recipient nations should improve concurrently. In addition, a strong United States military position, plus increases in the armaments of the nations of Western Europe, should strengthen the determination of the recipient nations to counter Soviet moves and in event of war could be considered as likely to delay operations and increase the time required for the Soviet Union to overrun Western Europe. In all probability, although United States backing will stiffen their determination, the armaments increase under the present aid programs will not be of any major consequence prior to 1952. Unless the military strength of the Western European nations is increased on a much larger scale than under current programs and at an accelerated rate, it is more than likely that those nations will not be able to oppose even by 1960 the Soviet armed forces in war with any degree of effectiveness. Considering the Soviet Union military capability, the long-range allied military objective in Western Europe must envisage an increased military

strength in that area sufficient possibly to deter the Soviet Union from a major war or, in any event, to delay materially the overrunning of Western Europe and, if feasible, to hold a bridgehead on the continent against Soviet Union offensives.

We do not know accurately what the Soviet atomic capability is but the Central Intelligence Agency intelligence estimates, concurred in by State, Army, Navy, Air Force, and Atomic Energy Commission, assign to the Soviet Union a production capability giving it a fission bomb stockpile within the following ranges :

| | |
|-------------|--------|
| By mid-1950 | 10-20 |
| By mid-1951 | 25-45 |
| By mid-1952 | 45-90 |
| By mid-1953 | 70-135 |
| By mid-1954 | 200 |

This estimate is admittedly based on incomplete coverage of Soviet activities and represents the production capabilities of known or deducible Soviet plants. If others exist, as is possible, this estimate could lead us into a feeling of superiority in our atomic stockpile that might be dangerously misleading, particularly with regard to the timing of a possible Soviet offensive. On the other hand, if the Soviet Union experiences operating difficulties, this estimate would be reduced. There is some evidence that the Soviet Union is acquiring certain materials essential to research on and development of thermonuclear weapons.

The Soviet Union now has aircraft able to deliver the atomic bomb. Our Intelligence estimates assign to the Soviet Union an atomic bomber capability already in excess of that needed to deliver available bombs. We have at present no evaluated estimate regarding the Soviet accuracy of delivery on target. It is believed that the Soviets cannot deliver their bombs on target with a degree of accuracy comparable to ours, but a planning estimate might well place it at 40-60 percent of bombs sortied. For planning purposes, therefore, the date the Soviets possess an atomic stockpile of 200 bombs would be a critical date for the United States, for the delivery of 100 atomic bombs on targets in the United States would seriously damage this country.

At the time the Soviet Union has a substantial atomic stockpile and if it is assumed that it will strike a strong surprise blow and if it is assumed further that its atomic attacks will be met with no more effective defense opposition than the United States and its allies have programmed, results of those attacks could include :

- a. Laying waste to the British Isles and thus depriving the Western Powers of their use as a base;
- b. Destruction of the vital centers and of the communications of

Western Europe, thus precluding effective defense by the Western Powers; and

c. Delivering devastating attacks on certain vital centers of the United States and Canada.

The possession by the Soviet Union of a thermonuclear capability in addition to this substantial atomic stockpile would result in tremendously increased damage.

During this decade, the defensive capabilities of the Soviet Union will probably be strengthened, particularly by the development and use of modern aircraft, aircraft warning and communications devices, and defensive guided missiles.

VI. U.S. INTENTIONS AND CAPABILITIES—ACTUAL AND POTENTIAL

A. *Political and Psychological*

Our overall policy at the present time may be described as one designed to foster a world environment in which the American system can survive and flourish. It therefore rejects the concept of isolation and affirms the necessity of our positive participation in the world community.

This broad intention embraces two subsidiary policies. One is a policy which we would probably pursue even if there were no Soviet threat. It is a policy of attempting to develop a healthy international community. The other is the policy of "containing" the Soviet system. These two policies are closely interrelated and interact on one another. Nevertheless, the distinction between them is basically valid and contributes to a clearer understanding of what we are trying to do.

The policy of striving to develop a healthy international community is the long-term constructive effort which we are engaged in. It was this policy which gave rise to our vigorous sponsorship of the United Nations. It is of course the principal reason for our long continuing endeavors to create and now develop the Inter-American system. It, as much as containment, underlay our efforts to rehabilitate Western Europe. Most of our international economic activities can likewise be explained in terms of this policy.

In a world of polarized power, the policies designed to develop a healthy international community are more than ever necessary to our own strength.

As for the policy of "containment", it is one which seeks by all means short of war to (1) block further expansion of Soviet power, (2) expose the falsities of Soviet pretensions, (3) induce a retraction of the Kremlin's control and influence and (4) in general, so foster the seeds of destruction within the Soviet system that the Kremlin is brought at least to the point of modifying its behavior to conform to generally accepted international standards.

It was and continues to be cardinal in this policy that we possess superior overall power in ourselves or in dependable combination with other like-minded nations. One of the most important ingredients of power is military strength. In the concept of "containment", the maintenance of a strong military posture is deemed to be essential for two reasons: (1) as an ultimate guarantee of our national security and (2) as an indispensable backdrop to the conduct of the policy of "containment". Without superior aggregate military strength, in being and readily mobilizable, a policy of "containment"—which is in effect a policy of calculated and gradual coercion—is no more than a policy of bluff.

At the same time, it is essential to the successful conduct of a policy of "containment" that we always leave open the possibility of negotiation with the U.S.S.R. A diplomatic freeze—and we are in one now—tends to defeat the very purposes of "containment" because it raises tensions at the same time that it makes Soviet retractions and adjustments in the direction of moderated behavior more difficult. It also tends to inhibit our initiative and deprives us of opportunities for maintaining a moral ascendancy in our struggle with the Soviet system.

In "containment" it is desirable to exert pressure in a fashion which will avoid so far as possible directly challenging Soviet prestige, to keep open the possibility for the U.S.S.R. to retreat before pressure with a minimum loss of face and to secure political advantage from the failure of the Kremlin to yield or take advantage of the openings we leave it.

We have failed to implement adequately these two fundamental aspects of "containment". In the face of obviously mounting Soviet military strength ours has declined relatively. Partly as a byproduct of this, but also for other reasons, we now find ourselves at a diplomatic impasse with the Soviet Union, with the Kremlin growing bolder, with both of us holding on grimly to what we have and with ourselves facing difficult decisions.

In examining our capabilities it is relevant to ask at the outset—capabilities for what? The answer cannot be stated solely in the negative terms of resisting the Kremlin design. It includes also our capabilities to attain the fundamental purpose of the United States, and to foster a world environment in which our free society can survive and flourish.

Potentially we have these capabilities. We know we have them in the economic and military fields. Potentially we also have them in the political and psychological fields. The vast majority of Americans are confident that the system of values which animates our society—the principles of freedom, tolerance, the importance of the individual and

the supremacy of reason over will—are valid and more vital than the ideology which is the fuel of Soviet dynamism. Translated into terms relevant to the lives of other peoples—our system of values can become perhaps a powerful appeal to millions who now seek or find in authoritarianism a refuge from anxieties, bafflement and insecurity.

Essentially, our democracy also possesses a unique degree of unity. Our society is fundamentally more cohesive than the Soviet system, the solidarity of which is artificially created through force, fear and favor. This means that expressions of national consensus in our society are soundly and solidly based. It means that the possibility of revolution in this country is fundamentally less than that in the Soviet system.

These capabilities within us constitute a great potential force in our international relations. The potential within us of bearing witness to the values by which we live holds promise for a dynamic manifestation to the rest of the world of the vitality of our system. The essential tolerance of our world outlook, our generous and constructive impulses, and the absence of covetousness in our international relations are assets of potentially enormous influence.

These then are our potential capabilities. Between them and our capabilities currently being utilized is a wide gap of unactualized power. In sharp contrast is the situation of the Soviet world. Its capabilities are inferior to those of our Allies and to our own. But they are mobilized close to the maximum possible extent.

The full power which resides within the American people will be evoked only through the traditional democratic process: This process requires, firstly, that sufficient information regarding the basic political, economic and military elements of the present situation be made publicly available so that an intelligent popular opinion may be formed. Having achieved a comprehension of the issues now confronting this Republic, it will then be possible for the American people and the American Government to arrive at a consensus. Out of this common view will develop a determination of the national will and a solid resolute expression of that will. The initiative in this process lies with the Government.

The democratic way is harder than the authoritarian way because, in seeking to protect and fulfill the individual, it demands of him understanding, judgment and positive participation in the increasingly complex and exacting problems of the modern world. It demands that he exercise discrimination: that while pursuing through free inquiry the search for truth he knows when he should commit an act of faith; that he distinguish between the necessity for tolerance and the necessity for just suppression. A free society is vulnerable in that it is easy for people to lapse into excesses—the excesses of a permanently open mind wishfully waiting for evidence that evil design may become noble pur-

pose, the excess of faith becoming prejudice, the excess of tolerance degenerating into indulgence of conspiracy and the excess of resorting to suppression when more moderate measures are not only more appropriate but more effective.

In coping with dictatorial governments acting in secrecy and with speed, we are also vulnerable in that the democratic process necessarily operates in the open and at a deliberate tempo. Weaknesses in our situation are readily apparent and subject to immediate exploitation. This Government therefore cannot afford in the face of the totalitarian challenge to operate on a narrow margin of strength. A democracy can compensate for its natural vulnerability only if it maintains clearly superior overall power in its most inclusive sense.

The very virtues of our system likewise handicap us in certain respects in our relations with our allies. While it is a general source of strength to us that our relations with our allies are conducted on a basis of persuasion and consent rather than compulsion and capitulation, it is also evident that dissent among us can become a vulnerability. Sometimes the dissent has its principal roots abroad in situations about which we can do nothing. Sometimes it arises largely out of certain weaknesses within ourselves, about which we can do something—our native impetuosity and a tendency to expect too much from people widely divergent from us.

The full capabilities of the rest of the free world are a potential increment to our own capabilities. It may even be said that the capabilities of the Soviet world, specifically the capabilities of the masses who have nothing to lose but their Soviet chains, are a potential which can be enlisted on our side.

Like our own capabilities, those of the rest of the free world exceed the capabilities of the Soviet system. Like our own they are far from being effectively mobilized and employed in the struggle against the Kremlin design. This is so because the rest of the free world lacks a sense of unity, confidence and common purpose. This is true in even the most homogeneous and advanced segment of the free world—Western Europe.

As we ourselves demonstrate power, confidence and a sense of moral and political direction, so those same qualities will be evoked in Western Europe. In such a situation, we may also anticipate a general improvement in the political tone in Latin America, Asia and Africa and the real beginnings of awakening among the Soviet totalitariat.

In the absence of affirmative decision on our part, the rest of the free world is almost certain to become demoralized. Our friends will become more than a liability to us; they can eventually become a positive increment to Soviet power.

In sum, the capabilities of our allies are, in an important sense, a function of our own. An affirmative decision to summon up the poten-

tial within ourselves would evoke the potential strength within others and add it to our own.

B. *Economic*

1. *Capabilities.* In contrast to the war economy of the Soviet world (cf. Ch. V-B), the American economy (and the economy of the free world as a whole) is at present directed to the provision of rising standards of living. The military budget of the United States represents 6 to 7 percent of its gross national product (as against 13.8 percent for the Soviet Union). Our North Atlantic Treaty allies devoted 4.8 percent of their national product to military purposes in 1949.

This difference in emphasis between the two economies means that the readiness of the free world to support a war effort is tending to decline relative to that of the Soviet Union. There is little direct investment in production facilities for military end-products and in dispersal. There are relatively few men receiving military training and a relatively low rate of production of weapons. However, given time to convert to a war effort, the capabilities of the United States economy and also of the Western European economy would be tremendous. In the light of Soviet military capabilities, a question which may be of decisive importance in the event of war is the question whether there will be time to mobilize our superior human and material resources for a war effort (cf. Chs. VIII and IX).

The capability of the American economy to support a build-up of economic and military strength at home and to assist a build-up abroad is limited not, as in the case of the Soviet Union, so much by the ability to produce as by the decision on the proper allocation of resources to this and other purposes. Even Western Europe could afford to assign a substantially larger proportion of its resources to defense, if the necessary foundation in public understanding and will could be laid, and if the assistance needed to meet its dollar deficit were provided.

A few statistics will help to clarify this point.

Percentage of Gross Available Resources Allocated to Investment, National Defense, and Consumption in East & West, 1949

(in percent of total)

| Country | Gross investment | Defense | Consumption |
|------------------------|------------------|---------|-------------|
| U.S.S.R. | 25.4 | 13.8 | 60.8 |
| Soviet Orbit | 22.0* | 4.0† | 74.0* |
| U.S. | 13.6 | 6.5 | 79.9 |
| European NAP countries | 20.4 | 4.8 | 74.8 |

*Crude estimate. [Footnote in the source text.]

†Includes Soviet Zone of Germany; otherwise 5 percent. [Footnote in the source text.]

The Soviet Union is now allocating nearly 40 percent of its gross available resources to military purposes and investment, much of which is in war-supporting industries. It is estimated that even in an emergency the Soviet Union could not increase this proportion to much more than 50 percent, or by one-fourth. The United States, on the other hand, is allocating only about 20 percent of its resources to defense and investment (or 22 percent including foreign assistance), and little of its investment outlays are directed to war-supporting industries. In an emergency the United States could allocate more than 50 percent of its resources to military purposes and foreign assistance, or five to six times as much as at present.

The same point can be brought out by statistics on the use of important products. The Soviet Union is using 14 percent of its ingot steel, 47 percent of its primary aluminum, and 18.5 percent of its crude oil for military purposes, while the corresponding percentages for the United States are 1.7, 8.6, and 5.6. Despite the tremendously larger production of these goods in the United States than the Soviet Union, the latter is actually using, for military purposes, nearly twice as much steel as the United States and 8 to 26 percent more aluminum.

Perhaps the most impressive indication of the economic superiority of the free world over the Soviet world which can be made on the basis of available data is provided in the following comparisons (based mainly on the *Economic Survey of Europe, 1948*) :

Comparative Statistics on Economic Capabilities of East and West

| | U.S. 1948-9 | European NAT Countries 1948-9 | Total | USSR (1950 Plan) | Satellites 1948-9 | Total |
|---|----------------|--|-------|------------------------|----------------------|-------|
| Population (millions) | 149 | 173 | 322 | 198 ‡ | 75 | 273 |
| Employment in non-Agricultural Establishments (millions) | 45 | ----- | | 31 ‡ | ----- | |
| Gross National Production (billion dollars) | 250 | 84 | 334 | 65 ‡ | 21 | 86 |
| National Income per capita (current dollars) | 1700 | 480 | 1040 | 330 | 280 | 315 |
| Production Data §: | | | | | | |
| Coal (million tons) | 582 | 306 | 888 | 250 | 88 | 338 |
| Electric Power (billion KWH) | 356 | 124 | 480 | 82 | 15 | 97 |
| Crude Petroleum (million tons) | 277 | 1 | 278 | 35 | 5 | 40 |
| Pig Iron (million tons) | 55 | 24 | 79 | 19.5 | 3.2 | 22.7 |
| Steel (million tons) | 80 | 32 | 112 | 25 | 6 | 31 |
| Cement (million tons) | 35 | 21 | 56 | 10.5 | 2.1 | 12.6 |
| Motor Vehicles (thousands) | 5273 | 580 | 5853 | 500 | 25 | 525 |

‡1949 data. [Footnote in the source text.]

§For the European NAT countries and for the satellites, the data include output by major producers. [Footnote in the source text.]

It should be noted that these comparisons understate the relative position of the NAT countries for several reasons: (1) Canada is excluded because comparable data were not available; (2) the data for the U.S.S.R. are the 1950 targets (as stated in the fourth five-year plan) rather than actual rates of production and are believed to exceed in many cases the production actually achieved; (3) the data for the European NAT countries are actual data for 1948, and production has generally increased since that time.

Furthermore, the United States could achieve a substantial absolute increase in output and could thereby increase the allocation of resources to a build-up of the economic and military strength of itself and its allies without suffering a decline in its real standard of living. Industrial production declined by 10 percent between the first quarter of 1948 and the last quarter of 1949, and by approximately one-fourth between 1944 and 1949. In March 1950 there were approximately 4,750,000 unemployed, as compared to 1,070,000 in 1943 and 670,000 in 1944. The gross national product declined slowly in 1949 from the peak reached in 1948 (\$262 billion in 1948 to an annual rate of \$256 billion in the last six months of 1949), and in terms of constant prices declined by about 20 percent between 1944 and 1948.

With a high level of economic activity, the United States could soon attain a gross national product of \$300 billion per year, as was pointed out in the President's Economic Report (January 1950). Progress in this direction would permit, and might itself be aided by, a build-up of the economic and military strength of the United States and the free world; furthermore, if a dynamic expansion of the economy were achieved, the necessary build-up could be accomplished without a decrease in the national standard of living because the required resources could be obtained by siphoning off a part of the annual increment in the gross national product. These are facts of fundamental importance in considering the courses of action open to the United States (cf. Ch. IX).

2. Intentions. Foreign economic policy is a major instrument in the conduct of United States foreign relations. It is an instrument which can powerfully influence the world environment in ways favorable to the security and welfare of this country. It is also an instrument which, if unwisely formulated and employed, can do actual harm to our national interests. It is an instrument uniquely suited to our capabilities, provided we have the tenacity of purpose and the understanding requisite to a realization of its potentials. Finally, it is an instrument peculiarly appropriate to the cold war.

The preceding analysis has indicated that an essential element in a program to frustrate the Kremlin design is the development of a successfully functioning system among the free nations. It is clear that

economic conditions are among the fundamental determinants of the will and the strength to resist subversion and aggression.

United States foreign economic policy has been designed to assist in the building of such a system and such conditions in the free world. The principal features of this policy can be summarized as follows:

(1) assistance to Western Europe in recovery and the creation of a viable economy (the European Recovery Program) ;

(2) assistance to other countries because of their special needs arising out of the war or the cold war and our special interests in or responsibility for meeting them (grant assistance to Japan, the Philippines, and Korea, loans and credits by the Export-Import Bank, the International Monetary Fund, and the International Bank to Indonesia, Yugoslavia, Iran, etc.) ;

(3) assistance in the development of under-developed areas (the Point IV program and loans and credits to various countries, overlapping to some extent with those mentioned under 2) ;

(4) military assistance to the North Atlantic Treaty countries, Greece, Turkey, etc. ;

(5) restriction of East-West trade in items of military importance to the East ;

(6) purchase and stockpiling of strategic materials ; and

(7) efforts to re-establish an international economy based on multilateral trade, declining trade barriers, and convertible currencies (the GATT-ITO program, the Reciprocal Trade Agreements program, the IMF-IBRD program, and the program now being developed to solve the problem of the United States balance of payments).

In both their short and long term aspects, these policies and programs are directed to the strengthening of the free world and therefore to the frustration of the Kremlin design. Despite certain inadequacies and inconsistencies, which are now being studied in connection with the problem of the United States balance of payments, the United States has generally pursued a foreign economic policy which has powerfully supported its overall objectives. The question must nevertheless be asked whether current and currently projected programs will adequately support this policy in the future, in terms both of need and urgency.

The last year has been indecisive in the economic field. The Soviet Union has made considerable progress in integrating the satellite economies of Eastern Europe into the Soviet economy, but still faces very large problems, especially with China. The free nations have important accomplishments to record, but also have tremendous problems still ahead. On balance, neither side can claim any great advantage in this field over its relative position a year ago. The important question therefore becomes: what are the trends?

Several conclusions seem to emerge. First, the Soviet Union is widening the gap between its preparedness for war and the un-

preparedness of the free world for war. It is devoting a far greater *proportion* of its resources to military purposes than are the free nations and, in significant components of military power, a greater *absolute* quantity of resources. Second, the Communist success in China, taken with the politico-economic situation in the rest of South and South-East Asia, provides a springboard for a further incursion in this troubled area. Although Communist China faces serious economic problems which may impose some strains on the Soviet economy, it is probable that the social and economic problems faced by the free nations in this area present more than offsetting opportunities for Communist expansion. Third, the Soviet Union holds positions in Europe which, if it maneuvers skillfully, could be used to do great damage to the Western European economy and to the maintenance of the Western orientation of certain countries, particularly Germany and Austria. Fourth, despite (and in part because of) the Titoist defection, the Soviet Union has accelerated its efforts to integrate satellite economy with its own and to increase the degree of autarchy within the areas under its control.

Fifth, meanwhile, Western Europe, with American (and Canadian) assistance, has achieved a record level of production. However, it faces the prospect of a rapid tapering off of American assistance without the possibility of achieving, by its own efforts, a satisfactory equilibrium with the dollar area. It has also made very little progress toward "economic integration", which would in the long run tend to improve its productivity and to provide an economic environment conducive to political stability. In particular, the movement towards economic integration does not appear to be rapid enough to provide Western Germany with adequate economic opportunities in the West. The United Kingdom still faces economic problems which may require a moderate but politically difficult decline in the British standard of living or more American assistance than is contemplated. At the same time, a strengthening of the British position is needed if the stability of the Commonwealth is not to be impaired and if it is to be a focus of resistance to Communist expansion in South and South-East Asia. Improvement of the British position is also vital in building up the defensive capabilities of Western Europe.

Sixth, throughout Asia the stability of the present moderate governments, which are more in sympathy with our purposes than any probable successor regimes would be, is doubtful. The problem is only in part an economic one. Assistance in economic development is important as a means of holding out to the peoples of Asia some prospect of improvement in standards of living under their present governments. But probably more important are a strengthening of central institutions, an improvement in administration, and generally a de-

velopment of an economic and social structure within which the peoples of Asia can make more effective use of their great human and material resources.

Seventh, and perhaps most important, there are indications of a let-down of United States efforts under the pressure of the domestic budgetary situation, disillusion resulting from excessively optimistic expectations about the duration and results of our assistance programs, and doubts about the wisdom of continuing to strengthen the free nations as against preparedness measures in light of the intensity of the cold war.

Eighth, there are grounds for predicting that the United States and other free nations will within a period of a few years at most experience a decline in economic activity of serious proportions unless more positive governmental programs are developed than are now available.

In short, as we look into the future, the programs now planned will not meet the requirements of the free nations. The difficulty does not lie so much in the inadequacy or misdirection of policy as in the inadequacy of planned programs, in terms of timing or impact, to achieve our objectives. The risks inherent in this situation are set forth in the following chapter and a course of action designed to reinvigorate our efforts in order to reverse the present trends and to achieve our fundamental purpose is outlined in Chapter IX.

C. Military

The United States now possesses the greatest military potential of any single nation in the world. The military weaknesses of the United States vis-à-vis the Soviet Union, however, include its numerical inferiority in forces in being and in total manpower. Coupled with the inferiority of forces in being, the United States also lacks tenable positions from which to employ its forces in event of war and munitions power in being and readily available.

It is true that the United States armed forces are now stronger than ever before in other times of apparent peace; it is also true that there exists a sharp disparity between our actual military strength and our commitments. The relationship of our strength to our present commitments, however, is not alone the governing factor. The world situation, as well as commitments, should govern; hence, our military strength more properly should be related to the world situation confronting us. When our military strength is related to the world situation and balanced against the likely exigencies of such a situation, it is clear that our military strength is becoming dangerously inadequate.

If war should begin in 1950, the United States and its allies will have the military capability of conducting defensive operations to

provide a reasonable measure of protection to the Western Hemisphere, bases in the Western Pacific, and essential military lines of communication; and an inadequate measure of protection to vital military bases in the United Kingdom and in the Near and Middle East. We will have the capability of conducting powerful offensive air operations against vital elements of the Soviet war-making capacity.

The scale of the operations listed in the preceding paragraph is limited by the effective forces and material in being of the United States and its allies vis-à-vis the Soviet Union. Consistent with the aggressive threat facing us and in consonance with overall strategic plans, the United States must provide to its allies on a continuing basis as large amounts of military assistance as possible without serious detriment to the United States operational requirements.

If the potential military capabilities of the United States and its allies were rapidly and effectively developed, sufficient forces could be produced probably to deter war, or if the Soviet Union chooses war, to withstand the initial Soviet attacks, to stabilize supporting attacks, and to retaliate in turn with even greater impact on the Soviet capabilities. From the military point of view alone, however, this would require not only the generation of the necessary military forces but also the development and stockpiling of improved weapons of all types.

Under existing peacetime conditions, a period of from two to three years is required to produce a material increase in military power. Such increased power could be provided in a somewhat shorter period in a declared period of emergency or in wartime through a full-out national effort. Any increase in military power in peacetime, however, should be related both to its probable military role in war, to the implementation of immediate and long-term United States foreign policy vis-à-vis the Soviet Union and to the realities of the existing situation. If such a course of increasing our military power is adopted now, the United States would have the capability of eliminating the disparity between its military strength and the exigencies of the situation we face; eventually of gaining the initiative in the "cold" war and of materially delaying if not stopping the Soviet offensives in war itself.

VII. PRESENT RISKS

A. General

It is apparent from the preceding sections that the integrity and vitality of our system is in greater jeopardy than ever before in our history. Even if there were no Soviet Union we would face the great problem of the free society, accentuated many fold in this industrial

age, of reconciling order, security, the need for participation, with the requirements of freedom. We would face the fact that in a shrinking world the absence of order among nations is becoming less and less tolerable. The Kremlin design seeks to impose order among nations by means which would destroy our free and democratic system. The Kremlin's possession of atomic weapons puts new power behind its design, and increases the jeopardy to our system. It adds new strains to the uneasy equilibrium-without-order which exists in the world and raises new doubts in men's minds whether the world will long tolerate this tension without moving toward some kind of order, on somebody's terms.

The risks we face are of a new order of magnitude, commensurate with the total struggle in which we are engaged. For a free society there is never total victory, since freedom and democracy are never wholly attained, are always in the process of being attained. But defeat at the hands of the totalitarian is total defeat. These risks crowd in on us, in a shrinking world of polarized power, so as to give us no choice, ultimately, between meeting them effectively or being overcome by them.

B. *Specific*

It is quite clear from Soviet theory and practice that the Kremlin seeks to bring the free world under its dominion by the methods of the cold war. The preferred technique is to subvert by infiltration and intimidation. Every institution of our society is an instrument which it is sought to stultify and turn against our purposes. Those that touch most closely our material and moral strength are obviously the prime targets, labor unions, civic enterprises, schools, churches, and all media for influencing opinion. The effort is not so much to make them serve obvious Soviet ends as to prevent them from serving our ends, and thus to make them sources of confusion in our economy, our culture and our body politic. The doubts and diversities that in terms of our values are part of the merit of a free system, the weaknesses and the problems that are peculiar to it, the rights and privileges that free men enjoy, and the disorganization and destruction left in the wake of the last attack on our freedoms, all are but opportunities for the Kremlin to do its evil work. Every advantage is taken of the fact that our means of prevention and retaliation are limited by those principles and scruples which are precisely the ones that give our freedom and democracy its meaning for us. None of our scruples deter those whose only code is, "morality is that which serves the revolution".

Since everything that gives us or others respect for our institutions is a suitable object for attack, it also fits the Kremlin's design that

where, with impunity, we can be insulted and made to suffer indignity the opportunity shall not be missed, particularly in any context which can be used to cast dishonor on our country, our system, our motives, or our methods. Thus the means by which we sought to restore our own economic health in the '30's, and now seek to restore that of the free world, come equally under attack. The military aid by which we sought to help the free world was frantically denounced by the Communists in the early days of the last war, and of course our present efforts to develop adequate military strength for ourselves and our allies are equally denounced.

At the same time the Soviet Union is seeking to create overwhelming military force, in order to back up infiltration with intimidation. In the only terms in which it understands strength, it is seeking to demonstrate to the free world that force and the will to use it are on the side of the Kremlin, that those who lack it are decadent and doomed. In local incidents it threatens and encroaches both for the sake of local gains and to increase anxiety and defeatism in all the free world.

The possession of atomic weapons at each of the opposite poles of power, and the inability (for different reasons) of either side to place any trust in the other, puts a premium on a surprise attack against us. It equally puts a premium on a more violent and ruthless prosecution of its design by cold war, especially if the Kremlin is sufficiently objective to realize the improbability of our prosecuting a preventive war. It also puts a premium on piecemeal aggression against others, counting on our unwillingness to engage in atomic war unless we are directly attacked. We run all these risks and the added risk of being confused and immobilized by our inability to weigh and choose, and pursue a firm course based on a rational assessment of each.

The risk that we may thereby be prevented or too long delayed in taking all needful measures to maintain the integrity and vitality of our system is great. The risk that our allies will lose their determination is greater. And the risk that in this manner a descending spiral of too little and too late, of doubt and recrimination, may present us with ever narrower and more desperate alternatives, is the greatest risk of all. For example, it is clear that our present weakness would prevent us from offering effective resistance at any of several vital pressure points. The only deterrent we can present to the Kremlin is the evidence we give that we may make any of the critical points which we cannot hold the occasion for a global war of annihilation.

The risk of having no better choice than to capitulate or precipitate a global war at any of a number of pressure points is bad enough in itself, but it is multiplied by the weakness it imparts to our position

in the cold war. Instead of appearing strong and resolute we are continually at the verge of appearing and being alternately irresolute and desperate; yet it is the cold war which we must win, because both the Kremlin design, and our fundamental purpose give it the first priority.

The frustration of the Kremlin design, however, cannot be accomplished by us alone, as will appear from the analysis in Chapter IX, B. Strength at the center, in the United States, is only the first of two essential elements. The second is that our allies and potential allies do not as a result of a sense of frustration or of Soviet intimidation drift into a course of neutrality eventually leading to Soviet domination. If this were to happen in Germany the effect upon Western Europe and eventually upon us might be catastrophic.

But there are risks in making ourselves strong. A large measure of sacrifice and discipline will be demanded of the American people. They will be asked to give up some of the benefits which they have come to associate with their freedoms. Nothing could be more important than that they fully understand the reasons for this. The risks of a superficial understanding or of an inadequate appreciation of the issues are obvious and might lead to the adoption of measures which in themselves would jeopardize the integrity of our system. At any point in the process of demonstrating our will to make good our fundamental purpose, the Kremlin may decide to precipitate a general war, or in testing us, may go too far. These are risks we will invite by making ourselves strong, but they are lesser risks than those we seek to avoid. Our fundamental purpose is more likely to be defeated from lack of the will to maintain it, than from any mistakes we may make or assault we may undergo because of asserting that will. No people in history have preserved their freedom who thought that by not being strong enough to protect themselves they might prove inoffensive to their enemies.

VIII. ATOMIC ARMAMENTS ⁹

A. Military Evaluation of U.S. and U.S.S.R. Atomic Capabilities.

1. The United States now has an atomic capability, including both numbers and deliverability, estimated to be adequate, if effectively utilized, to deliver a serious blow against the war-making capacity of the U.S.S.R. It is doubted whether such a blow, even if it resulted in the complete destruction of the contemplated target systems, would cause the U.S.S.R. to sue for terms or present [*prevent*] Soviet forces from occupying Western Europe against such ground resistance as

⁹ For documentation on United States policy regarding regulation of armaments, including international control of atomic energy, see pp. 1 ff. For documentation on other aspects of U.S. atomic energy policy, see pp. 493 ff.

could presently be mobilized. A very serious initial blow could, however, so reduce the capabilities of the U.S.S.R. to supply and equip its military organization and its civilian population as to give the United States the prospect of developing a general military superiority in a war of long duration.

2. As the atomic capability of the U.S.S.R. increases, it will have an increased ability to hit at our atomic bases and installations and thus seriously hamper the ability of the United States to carry out an attack such as that outlined above. It is quite possible that in the near future the U.S.S.R. will have a sufficient number of atomic bombs and a sufficient deliverability to raise a question whether Britain with its present inadequate air defense could be relied upon as an advance base from which a major portion of the U.S. attack could be launched.

It is estimated that, within the next four years, the U.S.S.R. will attain the capability of seriously damaging vital centers of the United States, provided it strikes a surprise blow and provided further that the blow is opposed by no more effective opposition than we now have programmed. Such a blow could so seriously damage the United States as to greatly reduce its superiority in economic potential.

Effective opposition to this Soviet capability will require among other measures greatly increased air warning systems, air defenses, and vigorous development and implementation of a civilian defense program which has been thoroughly integrated with the military defense systems.

In time the atomic capability of the U.S.S.R. can be expected to grow to a point where, given surprise and no more effective opposition than we now have programmed, the possibility of a decisive initial attack cannot be excluded.

3. In the initial phases of an atomic war, the advantages of initiative and surprise would be very great. A police state living behind an iron curtain has an enormous advantage in maintaining the necessary security and centralization of decision required to capitalize on this advantage.

4. For the moment our atomic retaliatory capability is probably adequate to deter the Kremlin from a deliberate direct military attack against ourselves or other free peoples. However, when it calculates that it has a sufficient atomic capability to make a surprise attack on us, nullifying our atomic superiority and creating a military situation decisively in its favor, the Kremlin might be tempted to strike swiftly and with stealth. The existence of two large atomic capabilities in such a relationship might well act, therefore, not as a deterrent, but as an incitement to war.

5. A further increase in the number and power of our atomic weapons is necessary in order to assure the effectiveness of any U.S. retalia-

tory blow, but would not of itself seem to change the basic logic of the above points. Greatly increased general air, ground and sea strength, and increased air defense and civilian defense programs would also be necessary to provide reasonable assurance that the free world could survive an initial surprise atomic attack of the weight which it is estimated the U.S.S.R. will be capable of delivering by 1954 and still permit the free world to go on to the eventual attainment of its objectives. Furthermore, such a build-up of strength could safeguard and increase our retaliatory power, and thus might put off for some time the date when the Soviet Union could calculate that a surprise blow would be advantageous. This would provide additional time for the effects of our policies to produce a modification of the Soviet system.

6. If the U.S.S.R. develops a thermonuclear weapon ahead of the U.S., the risks of greatly increased Soviet pressure against all the free world, or an attack against the U.S., will be greatly increased.

7. If the U.S. develops a thermonuclear weapon ahead of the U.S.S.R., the U.S. should for the time being be able to bring increased pressure on the U.S.S.R.

B. Stockpiling and Use of Atomic Weapons.

1. From the foregoing analysis it appears that it would be to the long-term advantage of the United States if atomic weapons were to be effectively eliminated from national peacetime armaments; the additional objectives which must be secured if there is to be a reasonable prospect of such effective elimination of atomic weapons are discussed in Chapter IX. In the absence of such elimination and the securing of these objectives, it would appear that we have no alternative but to increase our atomic capability as rapidly as other considerations make appropriate. In either case, it appears to be imperative to increase as rapidly as possible our general air, ground and sea strength and that of our allies to a point where we are militarily not so heavily dependent on atomic weapons.

2. As is indicated in Chapter IV, it is important that the United States employ military force only if the necessity for its use is clear and compelling and commends itself to the overwhelming majority of our people. The United States cannot therefore engage in war except as a reaction to aggression of so clear and compelling a nature as to bring the overwhelming majority of our people to accept the use of military force. In the event war comes, our use of force must be to compel the acceptance of our objectives and must be congruent to the range of tasks which we may encounter.

In the event of a general war with the U.S.S.R., it must be anticipated that atomic weapons will be used by each side in the manner

it deems best suited to accomplish its objectives. In view of our vulnerability to Soviet atomic attack, it has been argued that we might wish to hold our atomic weapons only for retaliation against prior use by the U.S.S.R. To be able to do so and still have hope of achieving our objectives, the non-atomic military capabilities of ourselves and our allies would have to be fully developed and the political weaknesses of the Soviet Union fully exploited. In the event of war, however, we could not be sure that we could move toward the attainment of these objectives without the U.S.S.R.'s resorting sooner or later to the use of its atomic weapons. Only if we had overwhelming atomic superiority and obtained command of the air might the U.S.S.R. be deterred from employing its atomic weapons as we progressed toward the attainment of our objectives.

In the event the U.S.S.R. develops by 1954 the atomic capability which we now anticipate, it is hardly conceivable that, if war comes, the Soviet leaders would refrain from the use of atomic weapons unless they felt fully confident of attaining their objectives by other means.

In the event we use atomic weapons either in retaliation for their prior use by the U.S.S.R. or because there is no alternative method by which we can attain our objectives, it is imperative that the strategic and tactical targets against which they are used be appropriate and the manner in which they are used be consistent with those objectives.

It appears to follow from the above that we should produce and stockpile thermonuclear weapons in the event they prove feasible and would add significantly to our net capability. Not enough is yet known of their potentialities to warrant a judgment at this time regarding their use in war to attain our objectives.

3. It has been suggested that we announce that we will not use atomic weapons except in retaliation against the prior use of such weapons by an aggressor. It has been argued that such a declaration would decrease the danger of an atomic attack against the United States and its allies.

In our present situation of relative unpreparedness in conventional weapons, such a declaration would be interpreted by the U.S.S.R. as an admission of great weakness and by our allies as a clear indication that we intended to abandon them. Furthermore, it is doubtful whether such a declaration would be taken sufficiently seriously by the Kremlin to constitute an important factor in determining whether or not to attack the United States. It is to be anticipated that the Kremlin would weigh the facts of our capability far more heavily than a declaration of what we proposed to do with that capability.

Unless we are prepared to abandon our objectives, we cannot make such a declaration in good faith until we are confident that we will

be in a position to attain our objectives without war, or, in the event of war, without recourse to the use of atomic weapons for strategic or tactical purposes.

C. International Control of Atomic Energy.

1. A discussion of certain of the basic considerations involved in securing effective international control is necessary to make clear why the additional objectives discussed in Chapter IX must be secured.

2. No system of international control could prevent the production and use of atomic weapons in the event of a prolonged war. Even the most effective system of international control could, of itself, only provide (a) assurance that atomic weapons had been eliminated from national peacetime armaments and (b) immediate notice of a violation. In essence, an effective international control system would be expected to assure a certain amount of time after notice of violation before atomic weapons could be used in war.

3. The time period between notice of violation and possible use of atomic weapons in war which a control system could be expected to assure depends upon a number of factors.

The dismantling of existing stockpiles of bombs and the destruction of casings and firing mechanisms could by themselves give little assurance of securing time. Casings and firing mechanisms are presumably easy to produce, even surreptitiously, and the assembly of weapons does not take much time.

If existing stocks of fissionable materials were in some way eliminated and the future production of fissionable materials effectively controlled, war could not start with a surprise atomic attack.

In order to assure an appreciable time lag between notice of violation and the time when atomic weapons might be available in quantity, it would be necessary to destroy all plants capable of making large amounts of fissionable material. Such action would, however, require a moratorium on those possible peacetime uses which call for large quantities of fissionable materials.

Effective control over the production and stockpiling of raw materials might further extend the time period which effective international control would assure. Now that the Russians have learned the technique of producing atomic weapons, the time between violation of an international control agreement and production of atomic weapons will be shorter than was estimated in 1946, except possibly in the field of thermonuclear or other new types of weapons.

4. The certainty of notice of violation also depends upon a number of factors. In the absence of good faith, it is to be doubted whether any system can be designed which will give certainty of notice of violation. International ownership of raw materials and fissionable

materials and international ownership and operation of dangerous facilities, coupled with inspection based on continuous unlimited freedom of access to all parts of the Soviet Union (as well as to all parts of the territory of other signatories to the control agreement) appear to be necessary to give the requisite degree of assurance against secret violations. As the Soviet stockpile of fissionable materials grows, the amount which the U.S.S.R. might secretly withhold and not declare to the inspection agency grows. In this sense, the earlier an agreement is consummated the greater the security it would offer. The possibility of successful secret production operations also increases with developments which may reduce the size and power consumption of individual reactors. The development of a thermonuclear bomb would increase many fold the damage a given amount of fissionable material could do and would, therefore, vastly increase the danger that a decisive advantage could be gained through secret operations.

5. The relative sacrifices which would be involved in international control need also to be considered. If it were possible to negotiate an effective system of international control the United States would presumably sacrifice a much larger stockpile of atomic weapons and a much larger production capacity than would the U.S.S.R. The opening up of national territory to international inspection involved in an adequate control and inspection system would have a far greater impact on the U.S.S.R. than on the United States. If the control system involves the destruction of all large reactors and thus a moratorium on certain possible peacetime uses, the U.S.S.R. can be expected to argue that it, because of greater need for new sources of energy, would be making a greater sacrifice in this regard than the United States.

6. The United States and the peoples of the world as a whole desire a respite from the dangers of atomic warfare. The chief difficulty lies in the danger that the respite would be short and that we might not have adequate notice of its pending termination. For such an arrangement to be in the interest of the United States, it is essential that the agreement be entered into in good faith by both sides and the probability against its violation high.

7. The most substantial contribution to security of an effective international control system would, of course, be the opening up of the Soviet Union, as required under the U.N. plan. Such opening up is not, however, compatible with the maintenance of the Soviet system in its present rigor. This is a major reason for the Soviet refusal to accept the U.N. plan.

The studies which began with the Acheson-Lilienthal committee and culminated in the present U.N. plan made it clear that inspection of atomic facilities would not alone give the assurance of control; but that ownership and operation by an international authority of the

world's atomic energy activities from the mine to the last use of fissionable materials was also essential. The delegation of sovereignty which this implies is necessary for effective control and, therefore, is as necessary for the United States and the rest of the free world as it is presently unacceptable to the Soviet Union.

It is also clear that a control authority not susceptible directly or indirectly to Soviet domination is equally essential. As the Soviet Union would regard any country not under its domination as under the potential if not the actual domination of the United States, it is clear that what the United States and the non-Soviet world must insist on, the Soviet Union at present reject.

The principal immediate benefit of international control would be to make a surprise atomic attack impossible, assuming the elimination of large reactors and the effective disposal of stockpiles of fissionable materials. But it is almost certain that the Soviet Union would not agree to the elimination of large reactors, unless the impracticability of producing atomic power for peaceful purposes had been demonstrated beyond a doubt. By the same token, it would not now agree to elimination of its stockpile of fissionable materials.

Finally, the absence of good faith on the part of the U.S.S.R. must be assumed until there is concrete evidence that there has been a decisive change in Soviet policies. It is to be doubted whether such a change can take place without a change in the nature of the Soviet system itself.

The above considerations make it clear that at least a major change in the relative power positions of the United States and the Soviet Union would have to take place before an effective system of international control could be negotiated. The Soviet Union would have had to have moved a substantial distance down the path of accommodation and compromise before such an arrangement would be conceivable. This conclusion is supported by the Third Report of the United Nations Atomic Energy Commission to the Security Council, May 17, 1948, in which it is stated that ". . . the majority of the Commission has been unable to secure . . . their acceptance of the nature and extent of participation in the world community required of all nations in this field. . . . As a result, the Commission has been forced to recognize that agreement on effective measures for the control of atomic energy is itself dependent on cooperation in broader fields of policy."

In short, it is impossible to hope than an effective plan for international control can be negotiated unless and until the Kremlin design has been frustrated to a point at which a genuine and drastic change in Soviet policies has taken place.

IX. POSSIBLE COURSES OF ACTION

Introduction. Four possible courses of action by the United States in the present situation can be distinguished. They are:

- a.* Continuation of current policies, with current and currently projected programs for carrying out these policies;
- b.* Isolation;
- c.* War; and
- d.* A more rapid building up of the political, economic, and military strength of the free world than provided under *a*, with the purpose of reaching, if possible, a tolerable state of order among nations without war and of preparing to defend ourselves in the event that the free world is attacked.

The role of negotiation. Negotiation must be considered in relation to these courses of action. A negotiator always attempts to achieve an agreement which is somewhat better than the realities of his fundamental position would justify and which is, in any case, not worse than his fundamental position requires. This is as true in relations among sovereign states as in relations between individuals. The Soviet Union possesses several advantages over the free world in negotiations on any issue:

- a.* It can and does enforce secrecy on all significant facts about conditions within the Soviet Union, so that it can be expected to know more about the realities of the free world's position than the free world knows about its position;
- b.* It does not have to be responsive in any important sense to public opinion;
- c.* It does not have to consult and agree with any other countries on the terms it will offer and accept; and
- d.* It can influence public opinion in other countries while insulating the peoples under its control.

These are important advantages. Together with the unfavorable trend of our power position, they militate, as is shown in Section A below, against successful negotiation of a general settlement at this time. For although the United States probably now possesses, principally in atomic weapons, a force adequate to deliver a powerful blow upon the Soviet Union and to open the road to victory in a long war, it is not sufficient by itself to advance the position of the United States in the cold war.

The problem is to create such political and economic conditions in the free world, backed by force sufficient to inhibit Soviet attack, that the Kremlin will accommodate itself to these conditions, gradually withdraw, and eventually change its policies drastically. It has been shown in Chapter VIII that truly effective control of atomic energy would require such an opening up of the Soviet Union and such

evidence in other ways of its good faith and its intent to co-exist in peace as to reflect or at least initiate a change in the Soviet system.

Clearly under present circumstances we will not be able to negotiate a settlement which calls for a change in the Soviet system. What, then, is the role of negotiation?

In the first place, the public in the United States and in other free countries will require, as a condition to firm policies and adequate programs directed to the frustration of the Kremlin design, that the free world be continuously prepared to negotiate agreements with the Soviet Union on equitable terms. It is still argued by many people here and abroad that equitable agreements with the Soviet Union are possible, and this view will gain force if the Soviet Union begins to show signs of accommodation, even on unimportant issues.

The free countries must always, therefore, be prepared to negotiate and must be ready to take the initiative at times in seeking negotiation. They must develop a negotiating position which defines the issues and the terms on which they would be prepared—and at what stages—to accept agreements with the Soviet Union. The terms must be fair in the view of popular opinion in the free world. This means that they must be consistent with a positive program for peace—in harmony with the United Nations' Charter and providing, at a minimum, for the effective control of all armaments by the United Nations or a successor organization. The terms must not require more of the Soviet Union than such behavior and such participation in a world organization. The fact that such conduct by the Soviet Union is impossible without such a radical change in Soviet policies as to constitute a change in the Soviet system would then emerge as a result of the Kremlin's unwillingness to accept such terms or of its bad faith in observing them.

A sound negotiating position is, therefore, an essential element in the ideological conflict. For some time after a decision to build up strength, any offer of, or attempt at, negotiation of a general settlement along the lines of the Berkeley speech by the Secretary of State could be only a tactic.¶ Nevertheless, concurrently with a decision

¶ The Secretary of State listed seven areas in which the Soviet Union could modify its behavior in such a way as to permit co-existence in reasonable security. These were:

1. Treaties of peace with Austria, Germany, Japan and relaxation of pressures in the Far East;
2. Withdrawal of Soviet forces and influence from satellite area;
3. Cooperation in the United Nations;
4. Control of atomic energy and of conventional armaments;
5. Abandonment of indirect aggression;
6. Proper treatment of official representatives of the U.S.;
7. Increased access to the Soviet Union of persons and ideas from other countries. [Footnote in the source text. For the text of the address delivered by Secretary Acheson at the University of California, Berkeley, on March 16, 1950, concerning United States-Soviet relations, see Department of State *Bulletin*, March 27, 1950, pages 473-478.]

and a start on building up the strength of the free world, it may be desirable to pursue this tactic both to gain public support for the program and to minimize the immediate risks of war. It is urgently necessary for the United States to determine its negotiating position and to obtain agreement with its major allies on the purposes and terms of negotiation.

In the second place, assuming that the United States in cooperation with other free countries decides and acts to increase the strength of the free world and assuming that the Kremlin chooses the path of accommodation, it will from time to time be necessary and desirable to negotiate on various specific issues with the Kremlin as the area of possible agreement widens.

The Kremlin will have three major objectives in negotiations with the United States. The first is to eliminate the atomic capabilities of the United States; the second is to prevent the effective mobilization of the superior potential of the free world in human and material resources; and the third is to secure a withdrawal of United States forces from, and commitments to, Europe and Japan. Depending on its evaluation of its own strengths and weaknesses as against the West's (particularly the ability and will of the West to sustain its efforts), it will or will not be prepared to make important concessions to achieve these major objectives. It is unlikely that the Kremlin's evaluation is such that it would now be prepared to make significant concessions.

The objectives of the United States and other free countries in negotiations with the Soviet Union (apart from the ideological objectives discussed above) are to record, in a formal fashion which will facilitate the consolidation and further advance of our position, the process of Soviet accommodation to the new political, psychological, and economic conditions in the world which will result from adoption of the fourth course of action and which will be supported by the increasing military strength developed as an integral part of that course of action. In short, our objectives are to record, where desirable, the gradual withdrawal of the Soviet Union and to facilitate that process by making negotiation, if possible, always more expedient than resort to force.

It must be presumed that for some time the Kremlin will accept agreements only if it is convinced that by acting in bad faith whenever and wherever there is an opportunity to do so with impunity, it can derive greater advantage from the agreements than the free world. For this reason, we must take care that any agreements are enforceable or that they are not susceptible of violation without detection and the possibility of effective counter-measures.

This further suggests that we will have to consider carefully the order in which agreements can be concluded. Agreement on the con-

trol of atomic energy would result in a relatively greater disarmament of the United States than of the Soviet Union, even assuming considerable progress in building up the strength of the free world in conventional forces and weapons. It might be accepted by the Soviet Union as part of a deliberate design to move against Western Europe and other areas of strategic importance with conventional forces and weapons. In this event, the United States would find itself at war, having previously disarmed itself in its most important weapon, and would be engaged in a race to redevelop atomic weapons.

This seems to indicate that for the time being the United States and other free countries would have to insist on concurrent agreement on the control of non-atomic forces and weapons and perhaps on the other elements of a general settlement, notably peace treaties with Germany, Austria, and Japan and the withdrawal of Soviet influence from the satellites. If, contrary to our expectations, the Soviet Union should accept agreements promising effective control of atomic energy and conventional armaments, without any other changes in Soviet policies, we would have to consider very carefully whether we could accept such agreements. It is unlikely that this problem will arise.

To the extent that the United States and the rest of the free world succeed in so building up their strength in conventional forces and weapons that a Soviet attack with similar forces could be thwarted or held, we will gain increased flexibility and can seek agreements on the various issues in any order, as they become negotiable.

In the third place, negotiation will play a part in the building up of the strength of the free world, apart from the ideological strength discussed above. This is most evident in the problems of Germany, Austria and Japan. In the process of building up strength, it may be desirable for the free nations, without the Soviet Union, to conclude separate arrangements with Japan, Western Germany, and Austria which would enlist the energies and resources of these countries in support of the free world. This will be difficult unless it has been demonstrated by attempted negotiation with the Soviet Union that the Soviet Union is not prepared to accept treaties of peace which would leave these countries free, under adequate safeguards, to participate in the United Nations and in regional or broader associations of states consistent with the United Nations' Charter and providing security and adequate opportunities for the peaceful development of their political and economic life.

This demonstrates the importance, from the point of view of negotiation as well as for its relationship to the building up of the strength of the free world (see Section D below), of the problem of closer association—on a regional or a broader basis—among the free countries.

In conclusion, negotiation is not a possible separate course of action but rather a means of gaining support for a program of building strength, of recording, where necessary and desirable, progress in the cold war, and of facilitating further progress while helping to minimize the risks of war. Ultimately, it is our objective to negotiate a settlement with the Soviet Union (or a successor state or states) on which the world can place reliance as an enforceable instrument of peace. But it is important to emphasize that such a settlement can only record the progress which the free world will have made in creating a political and economic system in the world so successful that the frustration of the Kremlin's design for world domination will be complete. The analysis in the following sections indicates that the building of such a system requires expanded and accelerated programs for the carrying out of current policies.

A. *The First Course—Continuation of Current Policies, with Current and Currently Projected Programs for Carrying out These Policies.*

1. *Military aspects.* On the basis of current programs, the United States has a large potential military capability but an actual capability which, though improving, is declining relative to the U.S.S.R., particularly in light of its probable fission bomb capability and possible thermonuclear bomb capability. The same holds true for the free world as a whole relative to the Soviet world as a whole. If war breaks out in 1950 or in the next few years, the United States and its allies, apart from a powerful atomic blow, will be compelled to conduct delaying actions, while building up their strength for a general offensive. A frank evaluation of the requirements, to defend the United States and its vital interests and to support a vigorous initiative in the cold war, on the one hand, and of present capabilities, on the other, indicates that there is a sharp and growing disparity between them.

A review of Soviet policy shows that the military capabilities, actual and potential, of the United States and the rest of the free world, together with the apparent determination of the free world to resist further Soviet expansion, have not induced the Kremlin to relax its pressures generally or to give up the initiative in the cold war. On the contrary, the Soviet Union has consistently pursued a bold foreign policy, modified only when its probing revealed a determination and an ability of the free world to resist encroachment upon it. The relative military capabilities of the free world are declining, with the result that its determination to resist may also decline and that the security of the United States and the free world as a whole will be jeopardized.

From the military point of view, the actual and potential capabilities of the United States, given a continuation of current and projected programs, will become less and less effective as a war deterrent. Improvement of the state of readiness will become more and more important not only to inhibit the launching of war by the Soviet Union but also to support a national policy designed to reverse the present ominous trends in international relations. A building up of the military capabilities of the United States and the free world is a precondition to the achievement of the objectives outlined in this report and to the protection of the United States against disaster.

Fortunately, the United States military establishment has been developed into a unified and effective force as a result of the policies laid down by the Congress and the vigorous carrying out of these policies by the Administration in the fields of both organization and economy. It is, therefore, a base upon which increased strength can be rapidly built with maximum efficiency and economy.

2. Political Aspects. The Soviet Union is pursuing the initiative in the conflict with the free world. Its atomic capabilities, together with its successes in the Far East, have led to an increasing confidence on its part and to an increasing nervousness in Western Europe and the rest of the free world. We cannot be sure, of course, how vigorously the Soviet Union will pursue its initiative, nor can we be sure of the strength or weakness of the other free countries in reacting to it. There are, however, ominous signs of further deterioration in the Far East. There are also some indications that a decline in morale and confidence in Western Europe may be expected. In particular, the situation in Germany is unsettled. Should the belief or suspicion spread that the free nations are not now able to prevent the Soviet Union from taking, if it chooses, the military actions outlined in Chapter V, the determination of the free countries to resist probably would lessen and there would be an increasing temptation for them to seek a position of neutrality.

Politically, recognition of the military implications of a continuation of present trends will mean that the United States and especially other free countries will tend to shift to the defensive, or to follow a dangerous policy of bluff, because the maintenance of a firm initiative in the cold war is closely related to aggregate strength in being and readily available.

This is largely a problem of the incongruity of the current actual capabilities of the free world and the threat to it, for the free world has an economic and military potential far superior to the potential of the Soviet Union and its satellites. The shadow of Soviet force falls darkly on Western Europe and Asia and supports a policy of

encroachment. The free world lacks adequate means—in the form of forces in being—to thwart such expansion locally. The United States will therefore be confronted more frequently with the dilemma of reacting totally to a limited extension of Soviet control or of not reacting at all (except with ineffectual protests and half measures). Continuation of present trends is likely to lead, therefore, to a gradual withdrawal under the direct or indirect pressure of the Soviet Union, until we discover one day that we have sacrificed positions of vital interest. In other words, the United States would have chosen, by lack of the necessary decisions and actions, to fall back to isolation in the Western Hemisphere. This course would at best result in only a relatively brief truce and would be ended either by our capitulation or by a defensive war—on unfavorable terms from unfavorable positions—against a Soviet Empire compromising all or most of Eurasia. (See Section B.)

3. *Economic and social aspects.* As was pointed out in Chapter VI, the present foreign economic policies and programs of the United States will not produce a solution to the problem of international economic equilibrium, notably the problem of the dollar gap, and will not create an economic base conducive to political stability in many important free countries.

The European Recovery Program has been successful in assisting the restoration and expansion of production in Western Europe and has been a major factor in checking the dry rot of Communism in Western Europe. However, little progress has been made toward the resumption by Western Europe of a position of influence in world affairs commensurate with its potential strength. Progress in this direction will require integrated political, economic and military policies and programs, which are supported by the United States and the Western European countries and which will probably require a deeper participation by the United States than has been contemplated.

The Point IV Program and other assistance programs will not adequately supplement, as now projected, the efforts of other important countries to develop effective institutions, to improve the administration of their affairs, and to achieve a sufficient measure of economic development. The moderate regimes now in power in many countries, like India, Indonesia, Pakistan, and the Philippines, will probably be unable to restore or retain their popular support and authority unless they are assisted in bringing about a more rapid improvement of the economic and social structure than present programs will make possible.

The Executive Branch is now undertaking a study of the problem of the United States balance of payments and of the measures which might be taken by the United States to assist in establishing inter-

national economic equilibrium. This is a very important project and work on it should have a high priority. However, unless such an economic program is matched and supplemented by an equally far-sighted and vigorous political and military program, we will not be successful in checking and rolling back the Kremlin's drive.

4. *Negotiation.* In short, by continuing along its present course the free world will not succeed in making effective use of its vastly superior political, economic, and military potential to build a tolerable state of order among nations. On the contrary, the political, economic, and military situation of the free world is already unsatisfactory and will become less favorable unless we act to reverse present trends.

This situation is one which militates against successful negotiations with the Kremlin—for the terms of agreements on important pending issues would reflect present realities and would therefore be unacceptable, if not disastrous, to the United States and the rest of the free world. Unless a decision had been made and action undertaken to build up the strength, in the broadest sense, of the United States and the free world, an attempt to negotiate a general settlement on terms acceptable to us would be ineffective and probably long drawn out, and might thereby seriously delay the necessary measures to build up our strength.

This is true despite the fact that the United States now has the capability of delivering a powerful blow against the Soviet Union in the event of war, for one of the present realities is that the United States is not prepared to threaten the use of our present atomic superiority to coerce the Soviet Union into acceptable agreements. In light of present trends, the Soviet Union will not withdraw and the only conceivable basis for a general settlement would be spheres of influence and of no influence—a “settlement” which the Kremlin could readily exploit to its great advantage. The idea that Germany or Japan or other important areas can exist as islands of neutrality in a divided world is unreal, given the Kremlin design for world domination.

B. The Second Course—Isolation.

Continuation of present trends, it has been shown above, will lead progressively to the withdrawal of the United States from most of its present commitments in Europe and Asia and to our isolation in the Western Hemisphere and its approaches. This would result not from a conscious decision but from a failure to take the actions necessary to bring our capabilities into line with our commitments and thus to a withdrawal under pressure. This pressure might come from our present Allies, who will tend to seek other “solutions” unless they have confidence in our determination to accelerate our efforts to build a

successfully functioning political and economic system in the free world.

There are some who advocate a deliberate decision to isolate ourselves. Superficially, this has some attractiveness as a course of action, for it appears to bring our commitments and capabilities into harmony by reducing the former and by concentrating our present, or perhaps even reduced, military expenditures on the defense of the United States.

This argument overlooks the relativity of capabilities. With the United States in an isolated position, we would have to face the probability that the Soviet Union would quickly dominate most of Eurasia, probably without meeting armed resistance. It would thus acquire a potential far superior to our own, and would promptly proceed to develop this potential with the purpose of eliminating our power, which would, even in isolation, remain as a challenge to it and as an obstacle to the imposition of its kind of order in the world. There is no way to make ourselves inoffensive to the Kremlin except by complete submission to its will. Therefore isolation would in the end condemn us to capitulate or to fight alone and on the defensive, with drastically limited offensive and retaliatory capabilities in comparison with the Soviet Union. (These are the only possibilities, unless we are prepared to risk the future on the hazard that the Soviet Empire, because of over-extension or other reasons, will spontaneously destroy itself from within.)

The argument also overlooks the imponderable, but nevertheless drastic, effects on our belief in ourselves and in our way of life of a deliberate decision to isolate ourselves. As the Soviet Union came to dominate free countries, it is clear that many Americans would feel a deep sense of responsibility and guilt for having abandoned their former friends and allies. As the Soviet Union mobilized the resources of Eurasia, increased its relative military capabilities, and heightened its threat to our security, some would be tempted to accept "peace" on its terms, while many would seek to defend the United States by creating a regimented system which would permit the assignment of a tremendous part of our resources to defense. Under such a state of affairs our national morale would be corrupted and the integrity and vitality of our system subverted.

Under this course of action, there would be no negotiation, unless on the Kremlin's terms, for we would have given up everything of importance.

It is possible that at some point in the course of isolation, many Americans would come to favor a surprise attack on the Soviet Union and the area under its control, in a desperate attempt to alter decisively the balance of power by an overwhelming blow with modern

weapons of mass destruction. It appears unlikely that the Soviet Union would wait for such an attack before launching one of its own. But even if it did and even if our attack were successful, it is clear that the United States would face appalling tasks in establishing a tolerable state of order among nations after such a war and after Soviet occupation of all or most of Eurasia for some years. These tasks appear so enormous and success so unlikely that reason dictates an attempt to achieve our objectives by other means.

C. *The Third Course—War.*

Some Americans favor a deliberate decision to go to war against the Soviet Union in the near future. It goes without saying that the idea of "preventive" war—in the sense of a military attack not provoked by a military attack upon us or our allies—is generally unacceptable to Americans. Its supporters argue that since the Soviet Union is in fact at war with the free world now and that since the failure of the Soviet Union to use all-out military force is explainable on grounds of expediency, we are at war and should conduct ourselves accordingly. Some further argue that the free world is probably unable, except under the crisis of war, to mobilize and direct its resources to the checking and rolling back of the Kremlin's drive for world dominion. This is a powerful argument in the light of history, but the considerations against war are so compelling that the free world must demonstrate that this argument is wrong. The case for war is premised on the assumption that the United States could launch and sustain an attack of sufficient impact to gain a decisive advantage for the free world in a long war and perhaps to win an early decision.

The ability of the United States to launch effective offensive operations is now limited to attack with atomic weapons. A powerful blow could be delivered upon the Soviet Union, but it is estimated that these operations alone would not force or induce the Kremlin to capitulate and that the Kremlin would still be able to use the forces under its control to dominate most or all of Eurasia. This would probably mean a long and difficult struggle during which the free institutions of Western Europe and many freedom-loving people would be destroyed and the regenerative capacity of Western Europe dealt a crippling blow.

Apart from this, however, a surprise attack upon the Soviet Union, despite the provocativeness of recent Soviet behavior, would be repugnant to many Americans. Although the American people would probably rally in support of the war effort, the shock of responsibility for a surprise attack would be morally corrosive. Many would doubt that it was a "just war" and that all reasonable possibilities for a peaceful settlement had been explored in good faith. Many more, proportionately, would hold such views in other countries, particularly in West-

ern Europe and particularly after Soviet occupation, if only because the Soviet Union would liquidate articulate opponents. It would, therefore, be difficult after such a war to create a satisfactory international order among nations. Victory in such a war would have brought us little if at all closer to victory in the fundamental ideological conflict.

These considerations are no less weighty because they are imponderable, and they rule out an attack unless it is demonstrably in the nature of a counter-attack to a blow which is on its way or about to be delivered. (The military advantages of landing the first blow become increasingly important with modern weapons, and this is a fact which requires us to be on the alert in order to strike with our full weight as soon as we are attacked, and, if possible, before the Soviet blow is actually delivered.) If the argument of Chapter IV is accepted, it follows that there is no "easy" solution and that the only sure victory lies in the frustration of the Kremlin design by the steady development of the moral and material strength of the free world and its projection into the Soviet world in such a way as to bring about an internal change in the Soviet system.

D. The Remaining Course of Action—a Rapid Build-up of Political, Economic, and Military Strength in the Free World.

A more rapid build-up of political, economic, and military strength and thereby of confidence in the free world than is now contemplated is the only course which is consistent with progress toward achieving our fundamental purpose. The frustration of the Kremlin design requires the free world to develop a successfully functioning political and economic system and a vigorous political offensive against the Soviet Union. These, in turn, require an adequate military shield under which they can develop. It is necessary to have the military power to deter, if possible, Soviet expansion, and to defeat, if necessary, aggressive Soviet or Soviet-directed actions of a limited or total character. The potential strength of the free world is great; its ability to develop these military capabilities and its will to resist Soviet expansion will be determined by the wisdom and will with which it undertakes to meet its political and economic problems.

1. *Military aspects.* It has been indicated in Chapter VI that U.S. military capabilities are strategically more defensive in nature than offensive and are more potential than actual. It is evident, from an analysis of the past and of the trend of weapon development, that there is now and will be in the future no absolute defense. The history of war also indicates that a favorable decision can only be achieved through offensive action. Even a defensive strategy, if it is to be successful, calls not only for defensive forces to hold vital positions while

mobilizing and preparing for the offensive, but also for offensive forces to attack the enemy and keep him off balance.

The two fundamental requirements which must be met by forces in being or readily available are support of foreign policy and protection against disaster. To meet the second requirement, the forces in being or readily available must be able, at a minimum, to perform certain basic tasks:

a. To defend the Western Hemisphere and essential allied areas in order that their war-making capabilities can be developed;

b. To provide and protect a mobilization base while the offensive forces required for victory are being built up;

c. To conduct offensive operations to destroy vital elements of the Soviet war-making capacity, and to keep the enemy off balance until the full offensive strength of the United States and its allies can be brought to bear;

d. To defend and maintain the lines of communication and base areas necessary to the execution of the above tasks; and

e. To provide such aid to allies as is essential to the execution of their role in the above tasks.

In the broadest terms, the ability to perform these tasks requires a build-up of military strength by the United States and its allies to a point at which the combined strength will be superior for at least these tasks, both initially and throughout a war, to the forces that can be brought to bear by the Soviet Union and its satellites. In specific terms, it is not essential to match item for item with the Soviet Union, but to provide an adequate defense against air attack on the United States and Canada and an adequate defense against air and surface attack on the United Kingdom and Western Europe, Alaska, the Western Pacific, Africa, and the Near and Middle East, and on the long lines of communication to these areas. Furthermore, it is mandatory that in building up our strength, we enlarge upon our technical superiority by an accelerated exploitation of the scientific potential of the United States and our allies.

Forces of this size and character are necessary not only for protection against disaster but also to support our foreign policy. In fact, it can be argued that larger forces in being and readily available are necessary to inhibit a would-be aggressor than to provide the nucleus of strength and the mobilization base on which the tremendous forces required for victory can be built. For example, in both World Wars I and II the ultimate victors had the strength, in the end, to win though they had not had the strength in being or readily available to prevent the outbreak of war. In part, at least, this was because they had not had the military strength on which to base a strong foreign policy. At any rate, it is clear that a substantial and rapid building up of strength in the free world is necessary to support

a firm policy intended to check and to roll back the Kremlin's drive for world domination.

Moreover, the United States and the other free countries do not now have the forces in being and readily available to defeat local Soviet moves with local action, but must accept reverses or make these local moves the occasion for war—for which we are not prepared. This situation makes for great uneasiness among our allies, particularly in Western Europe, for whom total war means, initially, Soviet occupation. Thus, unless our combined strength is rapidly increased, our allies will tend to become increasingly reluctant to support a firm foreign policy on our part and increasingly anxious to seek other solutions, even though they are aware that appeasement means defeat. An important advantage in adopting the fourth course of action lies in its psychological impact—the revival of confidence and hope in the future. It is recognized, of course, that any announcement of the recommended course of action could be exploited by the Soviet Union in its peace campaign and would have adverse psychological effects in certain parts of the free world until the necessary increase in strength had been achieved. Therefore, in any announcement of policy and in the character of the measures adopted, emphasis should be given to the essentially defensive character and care should be taken to minimize, so far as possible, unfavorable domestic and foreign reactions.

2. *Political and economic aspects.* The immediate objectives—to the achievement of which such a build-up of strength is a necessary though not a sufficient condition—are a renewed initiative in the cold war and a situation to which the Kremlin would find it expedient to accommodate itself, first by relaxing tensions and pressures and then by gradual withdrawal. The United States cannot alone provide the resources required for such a build-up of strength. The other free countries must carry their part of the burden, but their ability and determination to do it will depend on the action the United States takes to develop its own strength and on the adequacy of its foreign political and economic policies. Improvement in political and economic conditions in the free world, as has been emphasized above, is necessary as a basis for building up the will and the means to resist and for dynamically affirming the integrity and vitality of our free and democratic way of life on which our ultimate victory depends.

At the same time, we should take dynamic steps to reduce the power and influence of the Kremlin inside the Soviet Union and other areas under its control. The objective would be the establishment of friendly regimes not under Kremlin domination. Such action is essential to engage the Kremlin's attention, keep it off balance and force an increased expenditure of Soviet resources in counteraction. In other

words, it would be the current Soviet cold war technique used against the Soviet Union.

A program for rapidly building up strength and improving political and economic conditions will place heavy demands on our courage and intelligence; it will be costly; it will be dangerous. But half-measures will be more costly and more dangerous, for they will be inadequate to prevent and may actually invite war. Budgetary considerations will need to be subordinated to the stark fact that our very independence as a nation may be at stake.

A comprehensive and decisive program to win the peace and frustrate the Kremlin design should be so designed that it can be sustained for as long as necessary to achieve our national objectives. It would probably involve:

(1) The development of an adequate political and economic framework for the achievement of our long-range objectives.

(2) A substantial increase in expenditures for military purposes adequate to meet the requirements for the tasks listed in Section D-1.

(3) A substantial increase in military assistance programs, designed to foster cooperative efforts, which will adequately and efficiently meet the requirements of our allies for the tasks referred to in Section D-1-e.

(4) Some increase in economic assistance programs and recognition of the need to continue these programs until their purposes have been accomplished.

(5) A concerted attack on the problem of the United States balance of payments, along the lines already approved by the President.

(6) Development of programs designed to build and maintain confidence among other peoples in our strength and resolution, and to wage overt psychological warfare calculated to encourage mass defections from Soviet allegiance and to frustrate the Kremlin design in other ways.

(7) Intensification of affirmative and timely measures and operations by covert means in the fields of economic warfare and political and psychological warfare with a view to fomenting and supporting unrest and revolt in selected strategic satellite countries.

(8) Development of internal security and civilian defense programs.

(9) Improvement and intensification of intelligence activities.

(10) Reduction of Federal expenditures for purposes other than defense and foreign assistance, if necessary by the deferment of certain desirable programs.

(11) Increased taxes.

Essential as prerequisites to the success of this program would be (a) consultations with Congressional leaders designed to make the program the object of non-partisan legislative support, and (b) a presentation to the public of a full explanation of the facts and implications of present international trends.

The program will be costly, but it is relevant to recall the disproportion between the potential capabilities of the Soviet and non-Soviet worlds (cf. Chapters V and VI). The Soviet Union is currently devoting about 40 percent of available resources (gross national product plus reparations, equal in 1949 to about \$65 billion) to military expenditures (14 percent) and to investment (26 percent), much of which is in war-supporting industries. In an emergency the Soviet Union could increase the allocation of resources to these purposes to about 50 percent, or by one-fourth.

The United States is currently devoting about 22 percent of its gross national product (\$255 billion in 1949) to military expenditures (6 percent), foreign assistance (2 percent), and investment (14 percent), little of which is in war-supporting industries. (As was pointed out in Chapter V, the "fighting value" obtained per dollar of expenditure by the Soviet Union considerably exceeds that obtained by the United States, primarily because of the extremely low military and civilian living standards in the Soviet Union.) In an emergency the United States could devote upward of 50 percent of its gross national product to these purposes (as it did during the last war), an increase of several times present expenditures for direct and indirect military purposes and foreign assistance.

From the point of view of the economy as a whole, the program might not result in a real decrease in the standard of living, for the economic effects of the program might be to increase the gross national product by more than the amount being absorbed for additional military and foreign assistance purposes. One of the most significant lessons of our World War II experience was that the American economy, when it operates at a level approaching full efficiency, can provide enormous resources for purposes other than civilian consumption while simultaneously providing a high standard of living. After allowing for price changes, personal consumption expenditures rose by about one-fifth between 1939 and 1944, even though the economy had in the meantime increased the amount of resources going into Government use by \$60-\$65 billion (in 1939 prices).

This comparison between the potentials of the Soviet Union and the United States also holds true for the Soviet world and the free world and is of fundamental importance in considering the courses of action open to the United States.

The comparison gives renewed emphasis to the fact that the problems faced by the free countries in their efforts to build a successfully functioning system lie not so much in the field of economics as in the field of politics. The building of such a system may require more rapid progress toward the closer association of the free countries in harmony with the concept of the United Nations. It is clear that our

long-range objectives require a strengthened United Nations, or a successor organization, to which the world can look for the maintenance of peace and order in a system based on freedom and justice. It also seems clear that a unifying ideal of this kind might awaken and arouse the latent spiritual energies of free men everywhere and obtain their enthusiastic support for a positive program for peace going far beyond the frustration of the Kremlin design and opening vistas to the future that would outweigh short-run sacrifices.

The threat to the free world involved in the development of the Soviet Union's atomic and other capabilities will rise steadily and rather rapidly. For the time being, the United States possesses a marked atomic superiority over the Soviet Union which, together with the potential capabilities of the United States and other free countries in other forces and weapons, inhibits aggressive Soviet action. This provides an opportunity for the United States, in cooperation with other free countries, to launch a build-up of strength which will support a firm policy directed to the frustration of the Kremlin design. The immediate goal of our efforts to build a successfully functioning political and economic system in the free world backed by adequate military strength is to postpone and avert the disastrous situation which, in light of the Soviet Union's probable fission bomb capability and possible thermonuclear bomb capability, might arise in 1954 on a continuation of our present programs. By acting promptly and vigorously in such a way that this date is, so to speak, pushed into the future, we would permit time for the process of accommodation, withdrawal and frustration to produce the necessary changes in the Soviet system. Time is short, however, and the risks of war attendant upon a decision to build up strength will steadily increase the longer we defer it.

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The foregoing analysis indicates that the probable fission bomb capability and possible thermonuclear bomb capability of the Soviet Union have greatly intensified the Soviet threat to the security of the United States. This threat is of the same character as that described in NSC 20/4 (approved by the President on November 24, 1948) but is more immediate than had previously been estimated. In particular, the United States now faces the contingency that within the next four or five years the Soviet Union will possess the military capability of delivering a surprise atomic attack of such weight that the United States must have substantially increased general air, ground, and sea strength, atomic capabilities, and air and civilian defenses to deter war and to provide reasonable assurance, in the event of war, that it

could survive the initial blow and go on to the eventual attainment of its objectives. In return, this contingency requires the intensification of our efforts in the fields of intelligence and research and development.

Allowing for the immediacy of the danger, the following statement of Soviet threats, contained in NSC 20/4, remains valid :

"14. The gravest threat to the security of the United States within the foreseeable future stems from the hostile designs and formidable power of the U.S.S.R., and from the nature of the Soviet system.

"15. The political, economic, and psychological warfare which the U.S.S.R. is now waging has dangerous potentialities for weakening the relative world position of the United States and disrupting its traditional institutions by means short of war, unless sufficient resistance is encountered in the policies of this and other non-communist countries.

"16. The risk of war with the U.S.S.R. is sufficient to warrant, in common prudence, timely and adequate preparation by the United States.

"*a.* Even though present estimates indicate that the Soviet leaders probably do not intend deliberate armed action involving the United States at this time, the possibility of such deliberate resort to war cannot be ruled out.

"*b.* Now and for the foreseeable future there is a continuing danger that war will arise either through Soviet miscalculation of the determination of the United States to use all the means at its command to safeguard its security, through Soviet misinterpretation of our intentions, or through U.S. miscalculation of Soviet reactions to measures which we might take.

"17. Soviet domination of the potential power of Eurasia, whether achieved by armed aggression or by political and subversive means, would be strategically and politically unacceptable to the United States.

"18. The capability of the United States either in peace or in the event of war to cope with threats to its security or to gain its objectives would be severely weakened by internal development, important among which are :

"*a.* Serious espionage, subversion and sabotage, particularly by concerted and well-directed communist activity.

"*b.* Prolonged or exaggerated economic instability.

"*c.* Internal political and social disunity.

"*d.* Inadequate or excessive armament or foreign aid expenditures.

"*e.* An excessive or wasteful usage of our resources in time of peace.

"*f.* Lessening of U.S. prestige and influence through vacillation or appeasement or lack of skill and imagination in the conduct of its foreign policy or by shirking world responsibilities.

"*g.* Development of a false sense of security through a deceptive change in Soviet tactics."

Although such developments as those indicated in paragraph 18 above would severely weaken the capability of the United States and its allies to cope with the Soviet threat to their security, considerable progress has been made since 1948 in laying the foundation upon which adequate strength can now be rapidly built.

The Analysis also confirms that our objectives with respect to the Soviet Union, in time of peace as well as in time of war, as stated in NSC 20/4 (para. 19), are still valid, as are the aims and measures stated therein (paras. 20 and 21). Our current security programs and strategic plans are based upon these objectives, aims, and measures:

“19.

“a. To reduce the power and influence of the U.S.S.R. to limits which no longer constitute a threat to the peace, national independence and stability of the world family of nations.

“b. To bring about a basic change in the conduct of international relations by the government in power in Russia, to conform with the purposes and principles set forth in the U.N. Charter.

“In pursuing these objectives, due care must be taken to avoid permanently impairing our economy and the fundamental values and institutions inherent in our way of life.

“20. We should endeavor to achieve our general objectives by methods short of war through the pursuit of the following aims:

“a. To encourage and promote the gradual retraction of undue Russian power and influence from the present perimeter areas around traditional Russian boundaries and the emergence of the satellite countries as entities independent of the U.S.S.R.

“b. To encourage the development among the Russian peoples of attitudes which may help to modify current Soviet behavior and permit a revival of the national life of groups evidencing the ability and determination to achieve and maintain national independence.

“c. To eradicate the myth by which people remote from Soviet military influence are held in a position of subservience to Moscow and to cause the world at large to see and understand the true nature of the U.S.S.R. and the Soviet-directed world communist party, and to adopt a logical and realistic attitude toward them.

“d. To create situations which will compel the Soviet Government to recognize the practical undesirability of acting on the basis of its present concepts and the necessity of behaving in accordance with precepts of international conduct, as set forth in the purposes and principles of the U.N. Charter.

“21. Attainment of these aims requires that the United States:

“a. Develop a level of military readiness which can be maintained as long as necessary as a deterrent to Soviet aggression, as indispensable support to our political attitude toward the U.S.S.R., as a source of encouragement to nations resisting Soviet political aggression, and as an adequate basis for immediate mili-

tary commitments and for rapid mobilization should war prove unavoidable.

"b. Assure the internal security of the United States against dangers of sabotage, subversion, and espionage.

"c. Maximize our economic potential, including the strengthening of our peacetime economy and the establishment of essential reserves readily available in the event of war.

"d. Strengthen the orientation toward the United States of the non-Soviet nations; and help such of those nations as are able and willing to make an important contribution to U.S. security, to increase their economic and political stability and their military capability.

"e. Place the maximum strain on the Soviet structure of power and particularly on the relationships between Moscow and the satellite countries.

"f. Keep the U.S. public fully informed and cognizant of the threats to our national security so that it will be prepared to support the measures which we must accordingly adopt."

In the light of present and prospective Soviet atomic capabilities, the action which can be taken under present programs and plans, however, becomes dangerously inadequate, in both timing and scope, to accomplish the rapid progress toward the attainment of the United States political, economic, and military objectives which is now imperative.

A continuation of present trends would result in a serious decline in the strength of the free world relative to the Soviet Union and its satellites. This unfavorable trend arises from the inadequacy of current programs and plans rather than from any error in our objectives and aims. These trends lead in the direction of isolation, not by deliberate decision but by lack of the necessary basis for a vigorous initiative in the conflict with the Soviet Union.

Our position as the center of power in the free world places a heavy responsibility upon the United States for leadership. We must organize and enlist the energies and resources of the free world in a positive program for peace which will frustrate the Kremlin design for world domination by creating a situation in the free world to which the Kremlin will be compelled to adjust. Without such a cooperative effort, led by the United States, we will have to make gradual withdrawals under pressure until we discover one day that we have sacrificed positions of vital interest.

It is imperative that this trend be reversed by a much more rapid and concerted build-up of the actual strength of both the United States and the other nations of the free world. The analysis shows that this will be costly and will involve significant domestic financial and economic adjustments.

The execution of such a build-up, however, requires that the United States have an affirmative program beyond the solely defensive one of countering the threat posed by the Soviet Union. This program must light the path to peace and order among nations in a system based on freedom and justice, as contemplated in the Charter of the United Nations. Further, it must envisage the political and economic measures with which and the military shield behind which the free world can work to frustrate the Kremlin design by the strategy of the cold war; for every consideration of devotion to our fundamental values and to our national security demands that we achieve our objectives by the strategy of the cold war, building up our military strength in order that it may not have to be used. The only sure victory lies in the frustration of the Kremlin design by the steady development of the moral and material strength of the free world and its projection into the Soviet world in such a way as to bring about an internal change in the Soviet system. Such a positive program—harmonious with our fundamental national purpose and our objectives—is necessary if we are to regain and retain the initiative and to win and hold the necessary popular support and cooperation in the United States and the rest of the free world.

This program should include a plan for negotiation with the Soviet Union, developed and agreed with our allies and which is consonant with our objectives. The United States and its allies, particularly the United Kingdom and France, should always be ready to negotiate with the Soviet Union on terms consistent with our objectives. The present world situation, however, is one which militates against successful negotiations with the Kremlin—for the terms of agreements on important pending issues would reflect present realities and would therefore be unacceptable, if not disastrous, to the United States and the rest of the free world. After a decision and a start on building up the strength of the free world has been made, it might then be desirable for the United States to take an initiative in seeking negotiations in the hope that it might facilitate the process of accommodation by the Kremlin to the new situation. Failing that, the unwillingness of the Kremlin to accept equitable terms or its bad faith in observing them would assist in consolidating popular opinion in the free world in support of the measures necessary to sustain the build-up.

In summary, we must, by means of a rapid and sustained build-up of the political, economic, and military strength of the free world, and by means of an affirmative program intended to wrest the initiative from the Kremlin to the new situation. Failing that, the unwillingness of the determination and ability of the free world to frustrate the Kremlin design of a world dominated by its will. Such evidence is the only means short of war which eventually may force the Kremlin

to abandon its present course of action and to negotiate acceptable agreements on issues of major importance.

The whole success of the proposed program hangs ultimately on recognition by this Government, the American people, and all free peoples, that the cold war is in fact a real war in which the survival of the free world is at stake. Essential prerequisites to success are consultations with Congressional leaders designed to make the program the object of non-partisan legislative support, and a presentation to the public of a full explanation of the facts and implications of the present international situation. The prosecution of the program will require of us all the ingenuity, sacrifice, and unity demanded by the vital importance of the issue and the tenacity to persevere until our national objectives have been attained.

RECOMMENDATIONS

That the President:

a. Approve the foregoing Conclusions.

b. Direct the National Security Council, under the continuing direction of the President, and with the participation of other Departments and Agencies as appropriate, to coordinate and insure the implementation of the Conclusions herein on an urgent and continuing basis for as long as necessary to achieve our objectives. For this purpose, representatives of the member Departments and Agencies, the Joint Chiefs of Staff or their deputies, and other Departments and Agencies as required should be constituted as a revised and strengthened staff organization under the National Security Council to develop coordinated programs for consideration by the National Security Council.

661.00/4-2550 : Telegram

The Ambassador in the Soviet Union (Kirk) to the Secretary of State

TOP SECRET

Moscow, April 25, 1950—11 a. m.

1214. Please inform Departments Defense, Army, Navy and Air Force. With despatch No. 514 of April 25¹ going forward today Embassy encloses a report containing a basic estimate of Soviet intentions similar to that contained in despatch 202 of April 6, 1949.² As heretofore the report has been prepared by the Embassy's Joint Intelligence Committee which includes representatives of the Service Attachés and consideration is given therein to all the basic factors involved, political, military, economic, et cetera.

¹ Extracts from the report transmitted in despatch 514 from Moscow, April 25, are scheduled for publication in volume IV.

² For extract of report dated April 5, see *Foreign Relations*, 1949, vol. v, p. 604.

The report's conclusions may be briefly summarized as follows: The Kremlin is waging total war against the free world, a ruthless and unrelenting struggle within which "cold war" and "shooting war" are merely tactical phases. They are currently endeavoring to make the most of the tidal wave of social change generated by World War Two with the minimum objective of capturing half the world before the wave subsides and perhaps with the hope that they may be able to achieve sufficient gains to prepare the free world for a final push without the latter having been able to attain post-war stabilization. They have passed through the first phase of exploiting the World War tidal wave which consisted of effecting revolutionary conquests under cover of war-engendered good will, meanwhile rehabilitating Soviet heavy industry and military machine and are now in the second phase, an openly revolutionary offensive in which, relying upon a wave of rebellion against "imperialism" in dependent areas and a western economic depression, they hope to encompass certain given regions before the free world can recover, perhaps by 1953. To accomplish these objectives Moscow is steering a course as close as possible to full-scale war short of actually precipitating it. The danger that war may occur through Soviet miscalculation will in circumstances doubtless grow considerably but the probability that the Kremlin is still far from considering itself ready for global warfare is supported by most of the available evidence and while incidents and limited hostilities may be expected it seems probable that Moscow will endeavor to avoid a showdown until it attains overwhelming superiority of force.

Sent Department 1214, Department pass London 161, Paris 168, Frankfort 86.

KIRK

Policy Planning Staff Files

Memorandum by the Executive Secretary of the National Security Council (Lay) to the Ad Hoc Committee on NSC 68

TOP SECRET

WASHINGTON, April 28, 1950.

Subject: Initial Questions Confronting the Committee

In a letter of April 12 to the Executive Secretary of the National Security Council, the President referred the Report by the Secretaries of State and Defense, dated April 7, 1950, to the National Security Council for consideration, with a request that the NSC provide him with further information on the implications of its Conclusions.¹ He requested that the NSC give a clear indication of the programs en-

¹ For both the report of April 7 and the President's letter of April 12, see NSC 68, p. 234.

visaged in the Report, including estimates of their probable cost. The President went on to say that pending the urgent completion of this study, action on existing programs should not be postponed or delayed. Furthermore, the President desired that no publicity be given to the Report or its contents without his approval.

At an NSC meeting on April 20, it was decided that an *ad hoc* committee be established immediately to prepare a response to the directive contained in the President's letter of April 12.² The NSC will take decisions at a subsequent meeting on the questions of reconstituting the NSC Staff and of coordinating the implementation of the programs proposed in response to NSC 68.

There appear to be three major questions requiring the immediate attention of the *ad hoc* committee: (1) timing; (2) the implications of the Conclusions of NSC 68; and (3) the formulation of the programs under NSC 68.

I. *The Question of Timing*

The principal issue involving the time factor is whether any of the programs envisaged under NSC 68 will require changes in the FY 1951 budget now before Congress. At first glance, the programs which might have to be considered in the light of this question include (1) any increases in military appropriations above those recommended by the Secretary of Defense on April 26; (2) any increases in the MDAP appropriations for FY 1951; (3) any increase in the appropriation for information programs; and (4) any emergency fund available for use by the President to meet critical situations which might arise, as, for instance, in Berlin, Yugoslavia, Southeast Asia, etc.

In considering this question of timing there would appear to be two alternative approaches: (1) To attempt to obtain increased appropriations at this present session of Congress, in which case decisions on those programs would presumably have to be made prior to June 15, 1950; or (2) to attempt to obtain supplemental appropriations at the next session of Congress in January 1951.

However, even in the event that the latter alternative recommends itself to the committee, the urgency of the situation described in NSC 68 indicates that the programs should be completed not later than August 1, 1950.

II. *The Implications of the Conclusions of NSC 68*

In order to facilitate the speediest possible formulation of the departmental and agency programs, it would seem desirable for the *ad*

² Regarding the composition of the *Ad Hoc* Committee, see Executive Secretary Lay's memorandum (p. 297) of its first meeting, May 2, which was directed to the participants.

hoc committee, as an initial step, to secure the view of members representing other departments and agencies than State and Defense as to the implications of the Conclusions of NSC 68. If a meeting of minds on the broad implications can be reached without undue delay, the committee will be in a better position to provide guidance to those responsible for the formulation of the programs in the several departments and agencies.

III. *Formulation of the Programs Under NSC 68*

Thirdly, it would appear very desirable that the *ad hoc* committee agree on the general nature and broad scope of the programs to be formulated and upon the allocation of responsibility for the drafting of the programs by the several departments and agencies. A suggested list of tentative programs as indicated in NSC 68 and possible allocations follows:

1. The substantial military build-up of the United States. (Defense, including JCS.)

2. Substantially increased military assistance to the allies of the United States. (State, Defense, including JCS, and ECA through FMACC.)

3. Increased economic assistance programs. (ECA, State, NSRB.)

Attention should be given to adjusting these programs to the capacities and needs of the peoples concerned. They involve continuing requests for economic aid after 1952, the implementation of Point IV, and such specific country and area problems as aid to Yugoslavia, the Near and Middle East, and Southeast Asia.

4. The problem of United States balance of payments, to be handled along the lines already approved by the President. (Mr. Gordon Gray's staff.)³

Such specific problems as tariffs, shipping, oil, foreign investment, and agricultural support programs will involve State, Agriculture, Commerce, Treasury, ECA, and possibly other agencies.

5. Psychological warfare and programs designed to build and maintain confidence among other peoples in our strength and resolution. (State, through the interdepartmental staff established under NSC 59/1.)⁴

6.

7. Internal security. (ICIS.)

8. Mobilization plans, including civilian defense. (NSRB.)

9. Improvement and intensification of intelligence activities. (CIA, in consultation with State and Defense.)

³ In March, President Truman asked Gordon Gray, upon his resignation as Secretary of the Army, to head a committee for the examination of United States foreign economic policies. For documentation on the work of the committee and related matters, see pp. 831 ff.

⁴ NSC 59/1, a report by the National Security Council of March 9, 1950, concerning "The Foreign Information Program and Psychological Warfare Planning," is not printed.

In addition to the above specific programs, to which the committee may wish to add others, the following problems should be considered concurrently by the agencies suggested:

1. The formulation of a long-term program for the development "of an adequate political and economic framework for the achievement of our long-range objectives." Studies under this point should be of a continuing nature and should be undertaken by the State Department in consultation with Defense, Treasury, ECA, and other interested agencies. The subjects to be considered should include, among others, (a) the United Nations system, (b) the framework of European organization, (c) the Far East, including the Japanese Peace Treaty, (d) the Near East, and (e) negotiations with the USSR.

2. Non-partisan legislative support for NSC 68. Consultations with Congressional leaders would presumably be arranged by the White House and the departments concerned.

3. Public support for the policies of NSC 68. Presentation to the public might perhaps best be planned by the White House staff.

4. Increased taxes. This would be a matter for consideration by the White House, the Treasury Department, the Bureau of the Budget, and the Council of Economic Advisers.

5. Reduction of Federal expenditures for purposes other than defense and foreign assistance, if necessary by the deferment of certain desirable programs. This would likewise be a matter for consideration by the White House, the Bureau of the Budget, the Council of Economic Advisers, and the National Security Resources Board.

It remains to be noted that one definite action has already been taken in connection with the Report. The Secretary of State has asked the Atomic Energy Commission for a current evaluation of the U.N. plan for the international control of atomic energy, to determine "whether any technological changes have occurred or are likely to occur in the United States or abroad which would change the technical assumptions which underlie this plan or which would invalidate it or necessitate changes in its control features."⁵ Furthermore, consideration is being given by the White House to a State Department proposal that a group of competent individuals outside the Government be asked to assess the views on atomic armaments contained in Section VIII of the Report, particularly on the international control of atomic energy, this review to include also an evaluation of the points in the first seven sections which are basic to the subject of international control. The White House is also giving consideration to a suggestion that national organizations concerned be invited to send representatives to the State Department to present their views on atomic armaments.

JAMES S. LAY, JR.

⁵ For correspondence on this subject between the Department of State and the United States Atomic Energy Commission, see pp. 1 ff.

Editorial Note

On May 1, 1950, Secretary of State Acheson discussed the world situation in executive session before the Senate Foreign Relations Committee; for the record of his testimony, see *Reviews of the World Situation, 1949-1950: Hearings Held in Executive Session Before the Committee on Foreign Relations, United States Senate* (81st Cong., 1st and 2nd sessions), pages 285-312.

Policy Planning Staff Files

Memorandum of Conversation, by the Executive Secretary of the National Security Council (Lay)

TOP SECRET

WASHINGTON, May 2, 1950.

Memorandum for:¹ Mr. Nitze
General Burns
General Bradley
Mr. Lanphier²
Mr. Haas³
Mr. Bissell⁴
Mr. Schaub⁵
Mr. Dearborn⁶
Mr. Murphy⁷
Mr. Montague⁸
Mr. Voorhees⁹

Subject: First Meeting of the *Ad Hoc* Committee on NSC 68

The Executive Secretary opened the meeting with the suggestion that the forthcoming discussion follow generally along the lines of his memorandum to the *Ad Hoc* Committee of April 28, 1950. This being generally agreed, the first item of discussion was the question of timing and the possibility that some departments would seek additional appropriations for their programs at the current session of Congress. From this discussion, it emerged that State at least was

¹ The individuals listed below participated in the meeting.

² Thomas G. Lanphier, Jr., Special Assistant to the Chairman of the National Security Resources Board.

³ George C. Haas, Director of the Technical Staff, Treasury Department.

⁴ Richard M. Bissell, Jr., Assistant Administrator for Program, Economic Cooperation Administration.

⁵ William F. Schaub, Deputy Chief of the Division of Estimates, Bureau of the Budget.

⁶ Hamilton Q. Dearborn, representative of the Council of Economic Advisers.

⁷ Charles S. Murphy, Special Counsel to the President.

⁸ Representative of the Central Intelligence Agency.

⁹ Tracy S. Voorhees, Under Secretary of the Army.

likely to seek such additional appropriations. However, it was felt that requests for such additional appropriations should not be delayed by the programming for NSC 68 as a whole over the longer period.

Doubts were expressed over the possibility of meeting the target date of August 1, particularly on the program for the military build-up. It was widely felt, however, that delay in the formulation of the military program would make it difficult or impossible for the other programs to be formulated promptly and realistically. It was the consensus that every effort should be made to have rough general plans and estimates ready before August 1, 1950, in view of the Committee's responsibility for responding to the President's directive.

Discussion then shifted to the second point of the Executive Secretary's memorandum of April 28, viz., the implications of the conclusions of NSC 68. It was emphasized that the problem of achieving a balance between the fiscal, economic, domestic, political and security implications of NSC 68 was of the greatest importance. Moreover, it was pointed out that the President might desire to state publicly his position on the policies envisaged in NSC 68 early in June.

The Committee then discussed the third point; the suggested list of programs and the assignment of responsibility among the several departments and agencies.

After further discussion it was agreed that:

- (1) Each agency commence urgently its programming on the basis of a rough five-year projection; and
- (2) The *Ad Hoc* Committee in the meantime explore more fully the reasoning and the implications of NSC 68.

The meeting adjourned at 4:15 p. m.

JAMES S. LAY, JR.

Policy Planning Staff Files

*Memorandum by the Deputy Chief of the Division of Estimates,
Bureau of the Budget (Schaub) to the Executive Secretary of the
National Security Council (Lay)*

TOP SECRET

[WASHINGTON,] May 8, 1950.

COMMENTS OF THE BUREAU OF THE BUDGET [ON NSC 68]

1. WHAT, SPECIFICALLY, DOES THE PAPER MEAN?

Military

a. Do we anticipate that Russia will strike in 1954 and we should prepare to mobilize by that date?

If so, do we prepare the country and organize all of our resources to meet that contingency? This would require wartime controls in

this country and be tantamount to notifying Russia that we intended to press war in the near future. Would this force Russia to retreat from the satellite countries and other areas of influence, or would it force them to take direct military action on them? Is this the kind of national policy which we want to present to the world? What relative emphasis do we place on the abilities of our allies and the rest of the free world?

b. Do we anticipate that Russia will be *sufficiently* capable of successfully attacking the U.S. by 1954 to require us to have a program for complete preparation for defending the U.S. and successfully striking back and delaying Russian advances to permit our mobilization and the maintenance of advance positions in Europe, Africa, the Near East and other strategic areas?

If so, do we prepare the country to accept limited controls and increased taxation? What would be the effect on our relations with Russia? Our allies? The rest of the world? To what extent do we rely on the abilities of our allies and the rest of the free world?

c. Do we estimate that Russia's strength is increasing to a point which is dangerous to our security and that the U.S. should improve its own defense and attack capabilities and those of our allies in order to keep pace with Russia's increasing strength?

This would probably mean a rounding out and firming up of our military structure and could probably be done without domestic controls and would probably not create a much greater fiscal and economic problem than now exists.

d. Do we want to change the trend towards economy at the expense of national security programs and present a firmer and stronger military posture accompanied by a more intensive program for approaching our international problems?

General

1. (Page 32¹) What is the "sharp disparity between our actual military strength and our commitments"? What are our commitments?

2. Do we have a so-called "war plan" or "mobilization plan"? If not, what is being done to develop one? Is such planning being related to the potential strength being planned for our allies? How is such planning being related to peacetime forces and equipment, current procurement and training programs and war reserve materiel? Are industrial production facilities being related to planned requirements?

3. At what point do we intend to use military force to protect our "basic values"? (Page 12²) What authority, short of a declaration of war, do we have for using force? Should our resources go to assist

¹ See p. 261.

² See p. 244.

the preparation of our allies and other "fringe" countries as a first priority? Do we move ahead building forces in allied countries without regard to their ability to maintain them on a continuing basis, thus requiring our assistance indefinitely?

4. If our danger is from Soviet influence on vulnerable segments of society—generally large masses of subjugated, uneducated peoples—what is our program to reach these masses and prevent Soviet influence? How do you promise them and insure for them a chance for freedom and improvement?

Our policies in the past have armed our enemies. How do we insure against this in the future?

2. POLITICAL AND PSYCHOLOGICAL

a. NSC 68 emphasizes "the present polarization of power" to an extent which underemphasizes the fact that, while the two "poles" (U.S. and U.S.S.R.) are each possessed of great power, each is dangerous to the other only to the extent that it can attract and keep allies.

Would not an all-out program for civil defense and military defense of this country with all that it entails in stirring up public opinion and support tend to defeat our objectives with our allies?

This would appear to be an important weakness of NSC 68.

b. Throughout NSC 68 appear such statements as "The idea of freedom is the most contagious idea in history, more contagious than the idea of submission to authority."; "The greatest vulnerability of the Kremlin lies in the basic nature of its relations with the Soviet people."; and "The Kremlin's relations with its satellites and their peoples is likewise a vulnerability."

These statements reach toward the core of the problem dealt with by NSC 68, yet reference to policies and programs in the ideological war or war for men's minds are subordinated to programs of material strength; in fact, the only program dealt with in any detail is the military program.

NSC 68 deals with this problem as being one involving "the free world" and "the slave world". While it is true that the USSR and its satellites constitute something properly called a slave world, it is not true that the U.S. and its friends constitute a free world. Are the Indo-Chinese free? Can the peoples of the Philippines be said to be free under the corrupt Quirino government? Moreover, what of the vast number of peoples who are in neither the U.S. nor the USSR camp, and for whom we are contesting? By and large, by our standards, they are not free. This free world vs. slave world treatment obscures one of the most difficult problems we face—the fact that many peoples are attracted to Communism because their governments are

despotic or corrupt or both. And they are not going to become the friends of a major power simply because of that power's military strength. Rather, their friendship is to be had at the price of support of moves which will improve or, failing that, replace their present governments.

Finally, the point which is touched upon in NSC 68 and then lost sight of in preoccupation with the USSR itself, is that were it not for the recent successes and possible further successes of the Russian-controlled international Communist movement we would have small reason to fear the imperialism of the USSR. To illustrate: The U.S. is stronger militarily and economically in relation to the USSR than was the case just before World War II. We hardly gave Russia a second thought then. What makes for the difference today? A most important difference is that today many peoples are striving actively to better themselves economically and politically and have thus accepted or are in danger of accepting the leadership of the Communist movement.

Just what types of political and psychological actions have we proposed to meet this situation?

c. NSC 68 is based on the assumption that the military power of the USSR and its satellites is increasing in relation to that of the U.S. and its allies. In view of the vast preponderance of U.S. and allied assets in every respect except that of manpower that assumption needs more documentation than is contained in NSC 68. In particular no attention seems to have been given to the question of the possible drain which recent developments may have placed on Soviet military strength. Tightening of controls at home and in particular in the satellites would tie down military manpower and equipment. The furnishing of military technicians to China in any number would constitute an important drain on the USSR whose supply is relatively limited. Put another way, it is hard to accept a conclusion that the USSR is approaching a straight-out military superiority over us when, for example, (1) our Air Force is vastly superior qualitatively, is greatly superior numerically in the bombers, trained crews and other facilities necessary for offensive warfare; (2) our supply of fission bombs is much greater than that of the USSR, as is our thermonuclear potential; (3) our Navy is so much stronger than that of the USSR that they should not be mentioned in the same breath; (4) the economic health and military potential of our allies is, with our help, growing daily; and (5) while we have treaties of alliance with and are furnishing arms to countries bordering the USSR, the USSR has none with countries within thousands of miles of us.

SUPPLEMENTARY BUDGET COMMENTS ON NSC 68

These comments are directed primarily at the non-military aspects of the document. There is an inadequate definition of objectives and means, and a failure to assess—or to make possible an assessment of—the implications of the proposed courses of action. It is not enough to say that objectives should be adopted and then their implementation spelled out, since the objectives are so general that they cannot be given meaningful content except in more substantive terms.

DISCUSSION OF "THE UNDERLYING CONFLICT"

This section of the paper lays an unsound basis for the document as a whole. The neat dichotomy between "freedom" and "slavery" is not a realistic description either of the situation today or of the alternatives as they appear to present themselves to large areas of the world. There are diverse types and degrees of freedom and slavery, and it is doubtful that the extent of hegemony of the United States or even the extent of national independence is considered the predominant measure by many peoples.

To classify as "free" all those peoples whose governments oppose Russia, or we seek to have oppose Russia, is a travesty on the word. Freedom as we know it is a highly developed concept, frequently of little meaning and less use in dealing with backward or disorganized peoples. The most potent weapon of the Russians outside of Eastern Europe has been and is revolt against social and economic as well as political inequities. To think of freedom in primarily political terms is itself grossly inadequate. But to imply—as this report seems to do, despite occasional references of a broader nature—that its most important meaning today is the simple ability to preserve national existence, is a highly dangerous matter. An upsurge of unadulterated nationalism might for the time being lessen or remove the military threat of Russia, but it would over time tend to accentuate the subtle undermining of our own system and guarantee the eventual loss of the cold war through the proliferation and subsidization of unstable little tyrants.

The gravest error of NSC 68 is that it vastly underplays the role of economic and social change as a factor in "the underlying conflict". Tyranny is not new or strange, even on the Russian scale and manner; nor is it unusual for tyranny to ride the crest of swelling social and economic pressures, as the Russians are successfully doing in many parts of the world. The test of survival for an established civilization is its ability, not only to defend itself in a military sense, but also to handle these pressures by removing or alleviating the causes—a most difficult task of adjustment since it frequently requires

removal of ruling groups or injury to vested interests. One might generalize that the degree of underlying success in the cold war to date has been in direct ratio to the success in adjusting social and economic structures to the twentieth century wave of economic egalitarianism—even though the methods have frequently been inept and have violated our concepts of a desirable and efficient economic system.

These adjustments are not being made in many of the critical areas of the world today. We are being increasingly forced into associations which are exceedingly strange for a people of our heritage and ideals. It can be persuasively argued that there is no alternative course. If so, we should not be blind to the gaping weakness which is forced upon us, which will grow rather than decline as time passes, and of which above all others the Russians, with their talents for subversion, are able to take advantage. This is a major dilemma of American foreign policy, and deals with a subject much more difficult than making guns. In many countries today, for example, there is a simple test question: Is there no way to attain thorough-going land reform except through Communist revolution? It is highly doubtful that we are actually so handicapped in our choice of friends or limited in our influence on policies. At any rate, we will never make use of our opportunities as long as the issue is submerged, as it is in NSC 68. Indeed, we seem today to be exerting decisive influence in the wrong direction in some places, such as Western Germany.

The above comments do not detract from the seriousness of the military situation, nor necessarily weaken the case for increasing and re-orienting our military strength and for assisting other countries to defend themselves. But unless we are prepared to undertake extensive military occupation, we cannot win the cold war by a predominant reliance on military force even if combined with large-scale dollar assistance. Nor is it sufficient to add preachments of the concepts of democracy in terms too sophisticated for understanding or too remote from the particular issues foremost in the minds of the peoples. Only as we develop methods for capitalizing on the emerging social pressures can we beat the Russians at their most dangerous game and safely take advantage of a rising tide of nationalism.

A revealing commentary on NSC 68 is that it does not basically clarify or utilize the Chinese experience in the discussion of issues and risks, nor does it point toward a course of action which can effectively deal with probable repetitions of that experience in the future. There is no follow-through on the social and economic schisms which today provide the basic groundswell for disorder and weakness, which make our task so difficult, and for which we have not developed guidelines and techniques adequate to cope with the vicious "ideological pretensions" and methods of the Communists. A revolutionary move-

ment taking advantage, however cynically, of real elements of dissatisfaction cannot be stopped by the threat of force alone.

DISCUSSION OF ECONOMIC FACTORS

Lacking any indication of the magnitude of the proposed increase in security expenditures, it is impossible to assess the economic impact of this document and the economic risks which it might involve. There is no doubt that a larger share of resources could be devoted to security purposes, but such a course is not without its cost under any circumstances, and the extent of diversion is crucial to an analysis of consequences.

The comparison of the present situation with that of the peak of World War II is misleading. Apart from statistical difficulties in computing GNP in wartime on a basis comparable to peacetime, the effort achieved in 1944 was possible only under wartime conditions, with widespread controls, heavy deterioration in many types of capital assets, and bulging inflationary pressure subject to only short-range restraints. Under a total war effort the U.S. might, in time and barring internal destruction, exceed its World War II performance, but this effort would not be sustained for a long period and is hardly relevant to the task of a long drawn-out cold war.

Unless the risks of war are considered sufficiently grave to require moving now toward large-scale mobilization, determination of the size of our military posture should be heavily influenced by its sustainability over an indefinite period and by a balancing of the military risks with the risks to our society and to the prospects for economic growth. Expansion of military expenditures involves an economic cost, particularly if sustained for a substantial period, and it also involves a cost in terms of the psychology and orientation of our society. This is always true, and temporary factors such as unemployment should not be permitted to obscure the issue.

At the moment there are some 3½ million unemployed and certain industries are operating below capacity. However, at present levels of activity there are signs of inflationary pressure, particularly in heavy industries and construction. It would be difficult to conclude categorically that under current conditions substantial further armament demands could be placed upon durable goods industries without requiring a diversion from present civilian purposes either through inflation or through taxes or direct controls. The result might be little or no net increase in total output depending upon the methods used. It is thus necessary to assess the impact of increased security expenditures on specific sectors of the economy as well as in terms of aggregates.

More importantly, over a period of time, it is neither necessary nor desirable to regard military expenditures per se as a method of maintaining high employment. Large and growing military expenditures not only would divert resources from the civilian purposes to which they should be put but also would have more subtle effects on our economic system. Higher taxes, if necessary, would have a proportionately dampening effect on incentives and on the dynamic nature of the economy, without any offsetting productive impact from the expenditures. The rate of private investment might be slowed down unless special measures or controls were undertaken. There would be a continuing tendency to reduce public expenditures for developmental purposes which are highly desirable for the continual strengthening of our economy.

The document gives figures indicating a much higher investment rate in Russia than in the U.S. at the present time. Aside from doubts as to the feasibility of constructing estimates for Russia which are comparable with U.S. statistics, it is generally agreed that the present rate of investment in the U.S. is itself still abnormally high for our economic system. It is true that much of it is for luxury or other purposes with a low security priority. If it is proposed to alter significantly this situation, the implications of attempting to re-direct the flow of investment should be frankly faced. At some point, direct controls on a continuing basis may become necessary if inflationary pressure in some areas is not to be restrained by methods which create unemployment in others.

The implications of higher military expenditures are of course mainly a matter of degree. It cannot be said that at any point such expenditures are "too high". They must be sufficient to meet minimum requirements for the security of the Nation. But security rests in economic as well as military strength, and due consideration should be given to the tendency for military expenditures to reduce the potential rate of economic growth, and at an advanced stage to require measures which may seriously impair the functioning of our system.

In the immediate situation and outlook, it seems probable that a moderate increase in security expenditures, partially or wholly offset by the prospective decline in ECA, can be undertaken without serious economic consequences. As the document points out, the potential growth in the economy can permit some increase while still permitting a rise in the civilian sector. However, this would not be without cost in preventing either an otherwise possible tax decrease or an increase in productive programs.

The document, however, is subject to criticism for inconsistency in proposing that higher security expenditures be counteracted by in-

creased taxes and a curtailment of domestic programs. This seems hardly a program for stimulating economic growth. It is suggested as a general guideline that any security program which requires either a significant increase in the tax base or the curtailment of domestic programs which have an investment or developmental effect, should be considered as raising serious questions on the economic side.

No course of action is without risks, but the risks in the proposed course are not adequately considered. The type of military program seemingly implied on pp. 54-55³ most certainly raises serious questions. This is even more true of the document as a whole which appears basically, despite general statements in other directions, to point down the road of principal reliance on military force which can only grow in its demands over time, as well as scarcely fail to lose the cold war.

WILLIAM F. SCHAUB

³ See p. 282.

Policy Planning Staff Files

Memorandum by Mr. Hamilton Q. Dearborn of the Council of Economic Advisers to the Executive Secretary of the National Security Council (Lay)

TOP SECRET

WASHINGTON, May 8, 1950.

Subject: Comments on NSC 68

This memorandum is prepared in response to the Committee decision of May 2 that NSC 68 should be further considered at a meeting on May 9, and that written questions and comments should be prepared as a basis therefor.

Three basic questions are raised by NSC 68:

1) The adequacy of the intelligence data and analysis on which rest the conclusions as to the current status of, and trends in, the relative strength of the United States and the Soviet Union;

2) The degree to which the policy conclusions of NSC 68 are best adapted to remedy the deficiencies disclosed by analysis; and

3) The best programs, and their cost and economic significance, for implementing those policy conclusions, or alternative policy conclusions.

The Basic Intelligence Data and Analysis

The major analytical conclusions drawn are the following:

Concerning direct military strength:

1. "Unless the military strength of the Western European nations is increased on a much larger scale than under present programs and at an accelerated rate, it is more than likely that those nations will

not be able to oppose even by 1960 the Soviet armed forces in war with any degree of effectiveness." (p. 19¹)

2. "At the time the Soviet Union has a substantial atomic stockpile [mid-1954]² and if it is assumed that it will strike a strong surprise blow and if it is assumed further that its atomic attacks will be met with no more effective defense opposition than the United States and its allies have programmed, results of those attacks could include: laying waste to the British Isles . . .³ destruction of the vital centers and of communications of Western Europe . . . and delivering devastating attacks on certain vital centers of the United States and Canada." (p. 20⁴)

Concerning economic and military potential:

3. ". . . the total economic strength of the U.S.S.R. compares with that of the U.S. as roughly one to four. . . . Assuming the maintenance of present policies, while a large U.S. advantage is likely to remain, the Soviet Union will be steadily reducing the discrepancy between its over-all economic strength and that of the U.S. by continuing to devote proportionately more to capital investment than the U.S." (pp. 16, 17⁵)

4. "The military budget of the United States represents 6 to 7 percent of its gross national product (as compared with 13.8 percent for the Soviet Union). Our North Atlantic Treaty allies devoted 4.8 percent of their national product to military purposes in 1949. This difference in emphasis between the two economies means that the readiness of the free world to support a war effort is tending to decline relative to that of the Soviet Union." (p. 25⁶)

5. ". . . a full-scale effort by the U.S. would be capable of precipitately altering this trend. The U.S.S.R. is on a near maximum production basis. . . . In the U.S., on the other hand, a very rapid absolute expansion could be realized. . . . Even Western Europe could afford to assign a substantially larger proportion of its resources to defense, if the necessary foundation in public understanding and will could be laid, and if the assistance needed to meet its dollar deficit were provided." (pp. 17, 25⁷)

It is, of course, outside the competence of the Council of Economic Advisers to appraise the analysis of military strength prepared by the agencies submitting NSC 68. The Council's concern is only that the analysis should be in a form most helpful to the work of the *Ad Hoc* Committee.

From this standpoint, it would appear desirable that the data on percentage expenditures on defense and investment which are used in NSC 68 to illustrate probable trends in military and economic

¹ See p. 250.

² Brackets appear in the source text.

³ Omissions throughout the document are indicated in the source text.

⁴ See pp. 251-252.

⁵ See p. 248.

⁶ See p. 256.

⁷ See pp. 249 and 256.

strength should, to the extent feasible, be supplemented by data showing absolute amounts. The reason for this is that absolute figures tend to be more helpful than percentage figures in determining quantitative objectives. To bring the defense expenditures of European NAT countries up to the same proportion of national output as in the Soviet Union, for example, would require nearly a three-fold increase in their defense budgets.

With the proposition that "a very rapid absolute expansion could be realized" in *total* United States production of all goods and services there is full agreement. This, in turn, would render more supportable any given level of defense outlays. The size, composition and rate of the expansion in total output that might be achieved with a full effort would be one of the major considerations governing program formulation under NSC 68. On them would depend the extent to which any major new programs adopted would require a reduction in consumption, the imposition of selective or general price and allocation controls, cutbacks in expenditure programs other than for defense and foreign aid, or increases in taxes.

For these reasons the Council considers that a careful analysis of the productive potentialities of the United States economy must be a central feature of the analytical framework supporting program recommendations that may be reached under NSC 68. Such an analysis is important from the standpoint of general economic policy regardless of whether new programs recommended may be of large or moderate dimensions.

The Policy Conclusions of NSC 68

The basic policy conclusion reached by NSC 68 is as follows:

"In the light of present and prospective Soviet atomic capabilities, the action which can be taken under present programs and plans . . . becomes dangerously inadequate, in both timing and scope, to accomplish the rapid progress toward the attainment of the United States political, economic, and military objectives which is now imperative. A continuation of present trends would result in a serious decline in the strength of the free world relative to the Soviet Union and its satellites. . . . It is imperative that this trend be reversed by a much more rapid and concerted build-up of the actual strength of both the United States and the other nations of the free world." (pp. 63, 64⁸)

It is stated that "a comprehensive and decisive program . . . would probably involve:

"1. The development of an adequate political and economic framework for the achievement of our long-range objectives.

⁸ See p. 290.

"2. A substantial increase in expenditures for military purposes. . . .

"3. A substantial increase in military assistance programs. . . .

"4. Some increase in economic assistance programs and recognition of the need to continue these programs until their purposes have been accomplished.

"5. A concerted attack on the problem of the United States balance of payments. . . .

"6. Development of programs designed to build and maintain confidence among other peoples in our strength and resolution, and to wage overt psychological warfare. . . .

"7. Intensification of . . . operations by covert means. . . .

"8. Development of internal security and civilian defense programs.

"9. Improvement and intensification of intelligence activities.

"10. Reduction of Federal expenditures for purposes other than defense and foreign assistance, if necessary by the deferment of certain desirable programs.

"11. Increased taxes." (pp. 56, 57⁹)

Again, the Council is in no position to appraise those policy conclusions relating to the basic military security and foreign policy of the United States. The Council's concern is that the conclusions and program recommendations that may be approved both reflect and contribute to our basic economic strength.

From this standpoint, "the development of an adequate political and economic framework for the achievement of our long-range objectives" would appear to be the governing concept which embraces all the specific areas of activity listed in NSC 68, and in the light of which specific programs must be appraised. It embraces not only ponderable elements of economic and military strength, but also the imponderables of political faith and action. It embraces not only the conduct of our foreign policy, but also the conduct of our domestic policy.

It would seem of the highest importance that the development of a broad policy framework be regarded as central in the work of the *Ad Hoc* Committee, rather than as an ancillary project for continuing study. Only such a framework can give adequate guidance in approaching such problems as how, over a considerable period of years, economic and social resources can be devoted to military ends with maximum emphasis upon the productive economic strength of the whole economy; or the way in which the structure of taxation and incentives in our economy might best be used to ensure the full achievement of our potential.

Viewed in this light, there appears to be a need for an expansion of the areas of specific action which are listed in NSC 68. The inclusion

⁹ See p. 285.

of additional areas where policy recommendations may be required will depend in considerable measure on the size of new programs that are likely to come under consideration by the Committee, but the following tentative listing is suggested:

a) Measures to increase capacity in strategic areas of the economy. These might involve tax measures, credit measures, price support programs or market guarantees (as in the case of agriculture), etc. In some cases, clear identification of needed goals and the reasons for them might be enough to lift voluntary effort to the required levels.

b) Measures to promote an efficient and equitable allocation of resources. Depending on the size of new programs, such measures might, if needed, range from voluntary allocation agreements in selected fields to more general types of allocation policies.

c) Measures to promote a stable and equitable distribution of purchasing power. Again depending on the size of new programs recommended, such measures, if needed, might range from purely voluntary programs in selected areas to more general types of price-wage policies, tax policies, etc.

d) Finally, to the extent which seems desirable in the light of a balanced assessment of other program recommendations and of general economic developments, a general program designed to promote the full utilization of the United States potential for economic growth. NSC 68, in the Council's view rightly, stresses the serious risks to the achievement of our broad policy objectives which would arise from economic instability, and the crucial importance to those objectives of a stable and expanding economy.

The immediately foregoing points make clear the high relevance to NSC 68 of the target studies for the general economy which the Council of Economic Advisers has had continuously under way. These studies need to be expedited, amplified, and more closely articulated with the problems raised by NSC 68.

It will have been observed that the above listing is framed more in terms of policy aims than of specific fields of action, and that it embraces the two final points in the NSC 68 listing, namely, "reduction of Federal expenditures for purposes other than defense and foreign assistance", and "increased taxes". This approach appears desirable in order to avoid pre-judgment. A major program to expand our economic and military potential might well require some selective increases in expenditures outside the areas of direct defense and foreign aid. It might also be found that certain tax concessions, as well as tax increases, might be an important element in such a general program. It may also appear that if we take up the slack in total output and employment which has developed since the end of 1948, every expansion of defense will not require contraction elsewhere.

Programs and Costs; the Broad Implications of NSC 68

The preparation and appraisal of programs to carry out the objectives of NSC 68, as they may be approved, is a major task of the *Ad Hoc* Committee. Until some notions of magnitude and duration are available, it is difficult to appraise the implications of NSC 68 in even the most preliminary way. Certain broad comments may, however, be put forward.

In the Council's view, the United States economy's capacity for growth is such that substantial new programs could be undertaken without serious threat to our standards of living, and without risking a transformation of the free character of our economy. Yet the adoption of such programs would create major problems of economic and social policy. Unless carefully and imaginatively prepared, their adoption could create concerns on the part of the Congress and the public which could ultimately threaten their success.

These problems and concerns stem in large measure from an inadequate appreciation of our capacity for growth. They stem from a conviction that increased defense must mean equivalently lowered living standards, higher taxes and a proliferation of controls.

In some measure, these apprehensions can be reduced by education and persuasion. In some measure they can be offset by appeal to the people's basic willingness to sacrifice in the interests of a free society. But in considerable measure they will remain, and will strongly influence both the magnitude and the character of new programs that can be realistically put forward.

This means that programs cannot be framed solely, or even predominantly, in terms of our physical capacities. It means that there will be limitations of a non-economic character on increases in expenditures, and pressures of like character toward reducing expenditures in non-defense areas and revising our tax structure. These limitations and pressures must be taken into account. From the Council's standpoint, the basic problem will be to contribute to the development of recommendations which can make a maximum contribution to our economic and military strength within this framework.

HAMILTON Q. DEARBORN

Approved: LEON H. KEYSERLING

Editorial Note

The Foreign Ministers of the United States, the United Kingdom, and France met in London from May 11 to May 13, 1950, for far-ranging discussions of problems of mutual concern. These con-

versations were preceded by preliminary discussions commencing on May 1. In addition to the tripartite sessions, United States officials participated in bilateral meetings with representatives of Britain and France. Certain of the London discussions were concerned with the world situation in general, the threat presented by the Soviet Union, and other matters of immediate relevance to the national security of the United States. For documentation on the London Foreign Ministers meetings and related discussions, see volume III, pages 828 ff.

Department of State Executive Secretariat Files

*Memorandum of Conversation, by the Executive Secretary of the
National Security Council (Lay)*

TOP SECRET

WASHINGTON, May 12, 1950.

Memorandum for: Mr. Nitze
General Burns
General Bradley
Mr. Lanphier
Mr. Haas
Mr. Bissell
Mr. Schaub
Mr. Dearborn
Mr. Murphy
Mr. Montague
Mr. Voorhees

Subject: Fourth Meeting of the *Ad Hoc* Committee on NSC 68
(May 12, 1950)

After distribution of the comments of NSRB on NSC 68,¹ the Executive Secretary suggested that this meeting of the *Ad Hoc* Committee be devoted to answering the questions raised by several agencies on the facts and implications underlying NSC 68.

Initial discussion centered on the question of the nature and extent of the present and prospective Soviet threat to the security of the United States as delineated in NSC 68. After some discussion it was generally agreed that even if the U.S. were able to contain the USSR within present limits, the threat it posed to the United States, according to NSC 68, was of increasing gravity.

Discussion followed on the relations between the military build-up and other forms of resistance to the USSR—political, psychological,

¹ Not identified in the files of the Department of State, but see memorandum by the National Security Resources Board, May 29, p. 316.

economic, etc. It was the consensus of opinion that NSC 68 had emphasized the inseparability of the military build-up from other weapons of the cold war, and that the one without the other would fail to achieve the objectives of the United States. There was also general agreement on the serious risks of war involved in proceeding with more aggressive political, economic, and psychological measures in the absence of any adequate military shield.

This led to a discussion of what constituted an "adequate" military build-up, and whether the present military strength of the United States was sufficient to enable us to fulfill our commitments and to achieve our objectives. JCS opinion having been cited, it was the general understanding of the Committee that NSC 68 offered no hope of reaching U.S. objectives or fulfilling U.S. commitments under current plans and programs.

The question was then raised as to precisely what NSC 68 was preparing for; whether full mobilization for war by 1954, or something less. After discussion it was generally agreed that NSC 68 did not call for complete preparation for war, but primarily for a posture of defense sufficient to enable the U.S. to deter a direct Soviet attack, and to achieve ultimate U.S. objectives short of war. It was further agreed, however, that the full implications of the Conclusions of NSC 68 would have to await the formulation of programs and estimates.

Thereupon discussion centered on the comments of the Bureau of the Budget as to the relative strength of the U.S. and the USSR at the present time, and of the relative claims of national security and considerations of economy on the resources of the Nation. Emphasis was laid upon the importance of effective and realistic programming if the necessary balance was to be secured.

In comment upon the response to be made to the President's letter on NSC 68, it was pointed out that simply to send outlines of programs and estimates of costs for them was insufficient. An adequate response also required a clear statement of the means by which the plans and dollars were designed to achieve our objectives and safeguard our national security.

After further discussion of the response to the President's letter, there was general agreement that any remaining doubts as to the validity of the facts underlying the Conclusions of NSC 68 should be resolved by direct discussion between the interested agencies. It was also agreed that the sub-committee on programs would meet on Monday, May 15, 1950, before which time the Committee members from the several departments and agencies would notify the Executive Secretary of the names of their representatives.

JAMES S. LAY, JR.

611.00/5-1850

*Memorandum by Mr. John Foster Dulles, Consultant to the Secretary of State*¹

TOP SECRET

[WASHINGTON,] May 18, 1950.

The United States faces a new and critical period in its world position.

The loss of China to Communists who, it now seems will work in Asia as junior partners of Soviet Communism has had tremendous repercussions throughout the world. It has marked a shift in the balance of power in favor of Soviet Russia and to the disfavor of the United States.

While that *basic fact* is generally accepted, no one is yet quite sure as to the *precise extent* to which that power relationship has been shifted. Throughout the world, in Europe, the Mediterranean, the Middle East, Asia and the Pacific, governments and peoples are intently watching for the next move which will provide a measure of the extent of the power shift, so that they can orient their own policies accordingly.

The barometer most closely watched is that which seems to measure the judgment of the United States itself as to its present power and position in the world. If our conduct indicates a continuing disposition to fall back and allow doubtful areas to fall under Soviet Communist control, then many nations will feel confirmed in the impression, already drawn from the North Atlantic Treaty, that we do not expect to stand firm short of the North Atlantic area—which under the Treaty includes Berlin—and the Americas covered traditionally by the Monroe Doctrine and now by the Rio Pact.

If our conduct seems to confirm that conclusion, then we can expect an accelerated deterioration of our influence in the Mediterranean, Near East, Asia and the Pacific. The situation in Japan may become untenable and possibly that in the Philippines. Indonesia, with its vast natural resources may be lost and the oil of the Middle East will be in jeopardy. None of these places provide good “holding” grounds once the people feel that Communism is the wave of the future and that even we are retreating before it.

This series of disasters can probably be prevented if at some doubtful point we quickly take a dramatic and strong stand that shows our confidence and resolution. Probably this series of disasters cannot be prevented in any other way.

¹ Mr. Dulles prepared this memorandum for Dean Rusk (Assistant Secretary of State for Far Eastern Affairs since March 28) and Paul Nitze, Director of the Policy Planning Staff. On May 19, he also transmitted a copy to Under Secretary Webb.

Of the doubtful areas where such a stand might be taken, Formosa has advantages superior to any other. It is not subject to the immediate influence of Soviet land power. It is close to our naval and air power. It is occupied by the remnants of the non-Communists who have traditionally been our friends and allies. Its status internationally is undetermined by any international act and we have at least some moral responsibility for the native inhabitants. It is gravely menaced by a joint Chinese-Russian expedition in formation. The eyes of the world are focused upon it.

If the United States were to announce that it would neutralize Formosa, not permitting it either to be taken by Communists or to be used as a base of military operations against the mainland, that is a decision which we could certainly maintain, short of open war by the Soviet Union. Everyone knows that that is the case. If we do not act, it will be everywhere interpreted that we are making another retreat because we do not dare risk war. If it is inferred that we do not dare take a stand that risks war unless our own citadel of the North Atlantic and America areas is directly attacked, then the disasters referred to above will almost surely happen.

We are not so situated that time is working for us so that it can be argued that we have to buy time. The further losses possible in Indonesia and the Near East would greatly increase the war-making power of the Soviet Union. Quite apart from that, the Soviet Union is increasing its force-in-being, its atomic stockpile and its basic military potential at a rate so rapid that the relative position will be worse two years from now than it is today. That would be so, even though we somewhat increased our own efforts. That also is something that is generally known. In consequence, if the rest of the world feels that we are today afraid to take a stand which would involve a possible risk of war then they would judge that almost certainly we will not take that risk tomorrow unless it is forced upon us by actual attack upon either the North Atlantic or American area.

Admittedly the determination to withhold Formosa from Communists would involve complications with the Nationalist Government and with their elements on Formosa. It would involve spreading of our own military force, and possibly some actual losses. However, these aspects are of a secondary order. It is within our power to solve the political complications if we have the resolute will. Also, these same problems will embarrass us if we allow Formosa to fall. The efforts at evacuation, particularly attempts to evacuate to the Philippines large numbers of Nationalists, will pose new problems and difficulties perhaps as embarrassing as those that would be posed by an affirmative policy. It will not leave a good taste if we allow our

political problems to be solved by the extermination of our war allies. That was the Russian solution of General Bor's Polish Army.

Admittedly, a strong stand at Formosa would involve a slightly increased risk of early war. But sometimes such a risk has to be taken in order to preserve peace in the world and to keep the national prestige required if we are to play our indispensable part in sustaining a free world.

Action to be effective must be prompt.

Policy Planning Staff Files

Memorandum by the National Security Resources Board

TOP SECRET

[WASHINGTON,] 29 May 1950.

COMMENTS ON NSC/68 PROGRAMS

Attached is a tabulated tentative list of programs and estimates which represent a first approximation of what would be needed to implement NSC/68, together with comment thereon.

NSRB material is submitted for consideration of the NSC Subcommittee on Programs. It is not complete because programs and estimates have not yet been submitted by all departments and agencies concerned.

Comment on the programs as a whole and on those programs for which the NSRB has primary responsibility is suggested for inclusion in the Subcommittee report to the *Ad Hoc* Committee.

Fiscal Year

(Figures in millions of dollars)

| | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 |
|---------------|--------|---------|---------|-------|-------|-------|-------|-------|
| State | | | | | | | | |
| Information | 50 | 190 | 180 | 240 | 200 | 210 | | |
| ECA, MDAP | 5,760 | 5,400 | 6,900 | 7,100 | 5,500 | 4,700 | | |
| Defense | 13,700 | | | | | | | |
| NSRB | | | | | | | | |
| Civil Defense | 0 | 470 | 1,799 | 2,663 | 3,608 | 2,908 | 1,076 | 2,130 |
| Strategic | | | | | | | | |
| Stock- | | | | | | | | |
| piling: | | | | | | | | |
| Expenditure | 600 | 1,000 | 1,500 | 1,500 | 500 | | | |
| (Obligation) | (700) | (2,500) | (2,000) | (0) | (0) | | | |

PROGRAM AS A WHOLE

Based on *Ad Hoc* Committee and Subcommittee discussions to date, and on the contents and conclusions of the basic paper itself, NSRB believes that the program implied by NSC/68 should be one that:

For planning purposes accepts the premise that by some critical date, presumably mid-1954 at the latest, the Soviet will be able to strike the United States a lethal atomic blow;

Assumes at least a possibility that the Soviet will strike that blow at or after that critical date;

Carefully calculates the economic and psychological risks, domestically and internationally, of overtly mobilizing toward such a critical date. And then, following a program tailored to these calculations,

Marshals this country's resources to a degree which might insure its survival on the assumed critical date and for at least three years of shooting war thereafter. This to be attempted through a government-wide, organized program which

Integrates and aggressively prosecutes the so-called "cold war" elements with the objective that a shooting war by the critical date might be averted, or if not averted, at least minimized in its effect upon the security of this country.

While there is general agreement among all *Ad Hoc* Committee agencies concerned as to the need for an over-all organization and prosecution of the "cold war" elements concurrent with a military build-up sufficient to deter Soviet attack upon this country, there is not general agreement as to whether the possibility of Soviet attack by 1954 or any earlier or later date exists.

The disagreement as to whether the Soviets can or will eventually attack the United States seems to be based upon the following elements:

A disagreement as to whether or not this country can, concurrent with its cold war program, build a sufficient anti-aircraft, anti-submarine, and anti-sabotage defense between now and any foreseeable critical date, sufficient to defer that date;

A variety of interpretations of available intelligence as to what Soviet Russia has and might have by 1954 or earlier in the way of atomic striking force;

A difference of opinion as to whether or not Soviet Russia would use such a striking force if and when it gets it.

The NSRB, basing its opinions on the best available facts, concludes that:

There is an obvious possibility that Soviet Russia will have and intends to use the atomic strength to attack this country by 1954 or earlier.

The United States cannot, during the next two years, more than slightly defend itself against any air, sea or sabotage attack upon itself.

That the United States cannot erect, even by 1954 or later, a defense that would be more than 50% effective against air, sea, or sabotage attack, regardless of the money, materials and manpower devoted to its construction.

And that the best, though by no means certain defense against Soviet atomic attack lies in a combination of the maximum military and civil defense obtainable, plus a retaliatory bombing force sufficient to impress the Soviets with the fact that a lethal atomic attack upon the United States means a lethal atomic attack on Soviet Russia.

Based on these conclusions the NSRB does not concur with the "Calculated risk" some agencies of the government are willing to take that the Soviet will not attack us by 1954 or earlier. If risk is implied one way or the other, the NSRB prefers to risk in the direction of overt and organized planning to defend the United States as best it can be defended between now and 1954 rather than risk millions of lives and this country's survival on the chance the Soviet cannot or will not attack the United States in the next few years.

The NSRB believes, therefore, that the basic issue to be decided before NSC/68 can be further interpreted and implemented in any organized way as to programs and costs is:

Are we or are we not faced with the possibility of Soviet attack on this country, and if so, in what form might the attack come, and what is the earliest date by which it might be of lethal impact?

CIVIL DEFENSE

The Civil Defense program implied by NSC/68 is submitted with the qualification that it is for *Ad Hoc* Committee planning purposes only.

The NSRB emphasizes that, no program for mobilization being available from the Defense Department, this tentative civil defense program is based largely on NSRB's own informal assumptions of criteria it must eventually receive from the Defense Department.

These informal assumptions are as follows:

By mid-1954, at the latest, the USSR will have the capability of striking a lethal atomic blow at the United States.

There is a strong possibility that the USSR will strike that blow.

Such an atomic blow would come with as much surprise as possible and would be on the order of ———¹ atomic or hydrogen bombs in mid-1954; ——— more bombs by the end of 1954; ——— bombs during 1955; and ——— bombs during 1956.

The original attack would be $\frac{1}{3}$ against the United States' retaliatory force of strategic bombers, and $\frac{2}{3}$ against vital or psychological targets within the United States.

The attack might come by air or sea, or both—and would be accompanied or preceded by sabotage.

The military service will need 16,000,000 men and women between the ages of 18 and 43 inclusive.

All other men, women and children, will be applicable to the civil defense program in either permanent or volunteer capacities.

Based on these assumptions, the civil defense program will build as thoroughly as time, money, and public education within security limits will allow, toward meeting an atomic emergency in mid-1954 and for at least three years of war thereafter.

¹ The blanks in this paragraph appear in the source text.

STRATEGIC STOCKPILING

The NSRB program for strategic stockpiling is based on the following assumptions:

The USSR will have by mid-1954, at the latest, the capability of striking the United States a lethal atomic blow.

There is a strong possibility the USSR will strike that blow.

Minimum stockpile objectives must be physically on hand within continental U.S. by mid-1954.

All stockpile objectives have been under review by the Munitions Board since May 1949 at the request of the NSRB. In the light of the work so far completed, it appears that revised stockpile objectives will be equivalent to about \$6 billion when all are finally reviewed. This \$6 billion figure includes larger stockpiles of copper and aluminum than the presently established interim purchase targets for these two major metals.

Minimum stockpile objectives provide for only the probable loss of foreign sources of raw materials and will supply only about $\frac{1}{3}$ of U.S. requirements for strategic and critical materials in a 5-year war period. An additional $\frac{1}{3}$ will come from imports from accessible foreign sources, and the final $\frac{1}{3}$ is expected to come from domestic production in war.

Continued functioning of the national economy at a high level will result in high demands for large quantities of strategic and critical materials in the pre-war period, a substantial part of which will normally be directed to non-essential and frivolous uses.

At the present time the NSRB and the Bureau of the Budget are preparing for the President, as a result of his request in January 1950, a review of the entire stockpile program. This review covers supply and requirements estimates, strategic assumptions, present status of each material in terms of requirements, and procurement and storage activities. When this review is completed, it will add significantly to present knowledge of the stockpile program and its relationship to military and civilian requirements and strategic plans. It will provide a proper basis for estimating future budgetary requirements and the estimate of \$6 billion referred to in this discussion will be subject to revision.

Current Stockpile Programs as of December 31, 1949:

| | |
|--|---------------|
| Materials on hand in stockpile | \$1.2 billion |
| Materials scheduled for delivery in Fiscal Year 1950 | 0.4 |
| Materials scheduled for delivery after Fiscal Year 1950 | 0.5 |
| Budget request for Fiscal Year 1951 | 0.5 |
| <i>Unfinanced beyond Fiscal Year 1951 Budget request</i> | <i>1.2</i> |
| Total value of Stockpile Objectives | \$3.8 billion |

Stockpile Objectives:

Present stockpile objectives represent materials equivalent to about \$3.8 billion. Stockpile objectives were originally fixed in 1944 when world conditions were much different from today, and they are being revised at the present for the first time.

The review of stockpile objectives is almost complete at the present time, but revised objectives for two of the most important materials—aluminum and copper—are being held up until the results of the next feasibility test are known. Aluminum and copper requirements originally submitted by the Services in 1949 were so large that they were found, by the NSRB, to be infeasible, and of such magnitude as to call for a careful review of strategic plans.

Stockpile objectives established are minimum objectives when considered from the viewpoint of national security, for stockpile objectives are intended to cover only the loss of distant foreign sources of strategic and critical materials in a war of 5 years' duration.

The U.S. would still be dependent in war upon accessible foreign sources for $\frac{1}{3}$ of its total requirements for strategic and critical materials even after minimum stockpile objectives are achieved. These imports would require critical shipping, manpower and military protection.

In addition, the U.S. would be dependent in war upon domestic production for an additional $\frac{1}{3}$ of its requirements—and, without adequate labor, equipment, and supplies, domestic production of many materials at the anticipated levels is probably unobtainable. The current review of stockpile objectives indicates that the level when revised will probably be about \$6 billion, as detailed in the attached Table I.

Use of Funds:

\$4.5 billion in new obligational authority are recommended, although the need for only \$3.9 billion is indicated by comparing the total revised objective of \$6.0 billion to the \$2.1 billion of materials on hand or scheduled for delivery. The extra \$0.6 billion are intended to cover unexpected price rises and the unavoidable tying-up of funds in contracts that may be in default.

RECOMMENDED ACTION

The acquisition of minimum stockpiles by mid-1954 will require appropriation of the following new obligational authority (i.e., cash for new purchases plus contract authority), in addition to authorizations that have already been enacted:

| | |
|------------------------|--|
| Fiscal Year 1951 . . . | \$2.5 billion (of which 0.5 billion is included in the President's 1951 budget request) |
| Fiscal Year 1952 . . . | \$2.0 billion |

These funds will be obligated and expended in accordance with the following schedule:

| | <i>FY'51</i> | <i>FY'52</i> (billions of dollars) | <i>FY'53</i> | <i>FY'54</i> |
|-------------|--------------|---------------------------------------|--------------|--------------|
| Obligation | 2. 5 | 2. 0 | | |
| Expenditure | 1. 0 | 1. 5 | 1. 5 | 0. 5 |

In addition, several materials that are currently being consumed in large amounts cannot be stockpiled in sufficient quantity unless there is authority to make voluntary conservation agreements with consuming industries, or to initiate use controls if voluntary agreements are found impracticable.

Table I
May 29, 1950

Stockpile Objectives for \$6 Billion Program

(All objectives are those agreed to by the Interdepartmental Stockpile Committee as of May 22, 1950, excepting aluminum and copper)

| <i>Item</i> | <i>Stockpile Objective</i> (billion dollars) | <i>On hand in stockpile 3/31/50</i> (thousands) |
|---------------------|---|--|
| Aluminum | 1. 0 est. | 40 ST |
| Bauxite, met. gr. | 0. 1 | 2, 116 LT |
| Chromite, met. gr. | 0. 1 | 1, 399 LT |
| Cobalt | 0. 1 | 6 ST |
| Copper | 1. 2 est. | 357 ST |
| Diamonds | 0. 2 | 11, 765 Carats |
| Lead | 0. 1 | 295 ST |
| Manganese, met. gr. | 0. 2 | 1, 703 LT |
| Nickel | 0. 2 | 37 ST |
| Rubber, natural | 0. 7 | 449 LT |
| Tin | 0. 5 | 87 LT |
| Tungsten | 0. 2 | 18 ST |
| Zinc | 0. 4 | 473 ST |
| 55 other items | 1. 0 est. | — |
| Total | 6. 0 est. | — |

Editorial Note

On June 1, 1950, President Truman transmitted a special message to Congress on military aid. The President recommended that funds be authorized for fiscal year 1951 to extend the military assistance program. He requested funds in the amount of \$1 billion for the North Atlantic area; \$120 million for Greece and Turkey; \$27.5 million for Iran, Korea, and the Philippines; and \$75 million for "the general

area of China." He also asked that the Mutual Defense Assistance Act of 1949 be modified to provide him with the authority to shift a small portion of funds made available for military assistance from one area to another should an emergency situation demand such action. President Truman also requested that limitations as to which nations could receive military assistance and as respecting amount, time, and security of repayment be relaxed. In addition, he asked that the existing prohibition on the furnishing of production equipment other than machine tools be eliminated. For the text of the President's message, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, pages 445-448.

On June 2, 5, 6, and 15, the Committee on Foreign Relations and the Committee on Armed Services of the Senate met in joint public session to consider the Mutual Defense Assistance Program. Secretary of State Acheson testified on June 6. The joint committee also met in executive session on June 6 and 8, receiving testimony from Generals Bradley and Lemnitzer, Assistant Secretaries of State Rusk and McGhee, John Ohly (Director of Mutual Assistance), and Edward Dickinson (ECA Representative on FMACC). On June 19, the joint committee voted unanimously to report S. 3809 to the Senate for favorable action. That measure authorized a total of \$1,222,500,000 for military assistance in fiscal year 1951, including \$1 billion for NATO countries; \$131.5 million for Greece, Turkey, and Iran; \$75 million for "the general area of China"; and \$16 million for Korea and the Philippines.

Other provisions of S. 3809 reauthorized the use of \$214 million unexpended in FY 1950, permitted the transfer of \$250 million worth of surplus war material, and authorized the sale on credit of \$100 million in arms. In response to the President's June 1 request, S. 3809 eased restrictions on the destination of assistance, types of aid which might be rendered, and on other aspects of the administration of MDAP. The bill also increased the President's authority to transfer funds from one title to another.

The Senate passed S. 3809 on June 30 by a vote of 66-0. Regarding this legislation, see *The Mutual Defense Assistance Program: Hearings Before the Committee on Foreign Relations and the Committee on Armed Services, United States Senate* (81st Cong., 2nd sess.), and *Mutual Defense Assistance Program: Report of the Committee on Foreign Relations and the Committee on Armed Services, United States Senate, on S. 3809 To Amend the Mutual Defense Assistance Act of 1949* (81st Cong., 2nd sess.).

The Committee on Foreign Affairs of the House of Representatives also held hearings on military assistance commencing on June 5. Secretary Acheson presented testimony that day. See *To Amend the*

Mutual Defense Assistance Act of 1949: Hearings Before the Committee on Foreign Affairs, United States House of Representatives (81st Cong., 2nd sess.). On July 19, the House of Representatives approved the Senate legislation by a vote of 362-1. Signed by President Truman on July 26, the measure became PL 81-621, An Act To Amend the Mutual Defense Assistance Act of 1949 (64 Stat. 373). Appropriations were provided as part of the omnibus appropriation bill for FY 1951 which was signed by the President on September 6 (PL 81-759; 64 Stat. 595).

711.59/6-650

Memorandum of Conversation, by the Director of the Executive Secretariat of the Department of State (McWilliams)

TOP SECRET

[WASHINGTON,] June 6, 1950.

MEETING OF ADVISORY COMMITTEE,¹ JUNE 6

| | |
|------------------------|----------------|
| Participants: Mr. Webb | Mr. Fisher |
| Mr. Jessup | Mr. Nitze |
| Mr. Barrett | Mr. McWilliams |

Mr. Nitze summarized the paper for discussion—a statement of differences in planning assumptions with respect to NSC 68 between the NSRB and the Department.² The NSRB has put forward a maximum program of civil defense which essentially is designed to care for the civilian population after a war has started. The Department believes that we can not do everything under the guise of NSC 68 and that we should concentrate on the things we can do which we feel will help prevent a possible war rather than to proceed on the assumption that a war will occur in the near future and to plan what should be done then.

Mr. Fisher pointed out that he asked to have this subject put on the agenda because this is the first time we are meeting this argument which will be presented many more times in the future. He pointed out that by indicating the necessity of building up forces you automatically create a frame of mind which considers that war is immediate and this in turn makes it impossible to achieve our objective which is preventing a war.

¹The Under Secretary's Advisory Committee, consisting of certain principal officers of the Department other than the Assistant Secretaries for geographic areas, first met on May 9. The consensus of that meeting was that the Committee should be used to provide high-level policy guidance on major foreign policy problems. It was agreed that aspects of NSC 68 should be discussed at future meetings. (611.00/5-1050)

²Reference is to document AC D-1, June 5, "Differences in Planning Assumptions in NSC 68," not printed.

Mr. Webb agreed that this is so and pointed out that the President and the Bureau of the Budget would be subjected to all sorts of pressure for expanding programs. He pointed out that the power people would want to expand and would need a greater amount of money and likewise the public roads people would say that we must have more and better roads and every other agency would press for more money to expand their programs. It was agreed that this sort of thing must be headed off—that it required firm leadership to sort out the things which are important to be done and not agree to programs such as these mentioned above which do not contribute to the primary objective of preventing war.

The consensus of the group was that the position we should take with NSRB, and also in the future in regard to this issue, is that we must concentrate on the political, psychological and defensive mechanism to prevent dropping of bombs and an out-break of war. We must proceed with the assumption that we can not do everything and we should concentrate only on those things which set the above pattern. We must reject the idea that we are fighting a war tomorrow because, when planning is done with that assumption, the inevitable result will be to make the assumption come true.

W. J. McWILLIAMS

Policy Planning Staff Files

*Memorandum of National Security Council Consultants' Meeting,
Thursday, June 29, 1950, 11:30 a. m.*

TOP SECRET.

WASHINGTON, June 29, 1950.

Subject: Situation Resulting from Hostilities in Korea ¹

| | |
|---------------------------------|--------------|
| Present: Mr. Jessup | Mr. Stalheim |
| Mr. Kennan | Mr. Childs |
| Mr. Matthews ² | Col. Johnson |
| Gen. Burns | Capt. Pryce |
| Gen. Spalding | Col. Fulcher |
| Mr. Lanphier | Mr. Lay |
| Adm. Hillenkoetter ³ | Mr. Gleason |
| Mr. Bishop ⁴ | Mr. Farley |
| Col. Shell | Mr. Boggs |

¹ On June 25, forces of North Korea invaded South Korea; for documentation on the Korean War, see volume VII.

² H. Freeman Matthews, Deputy Under Secretary of State for Political Affairs.

³ Rear Adm. Roscoe H. Hillenkoetter, Director of the Central Intelligence Agency.

⁴ Max W. Bishop, Special Assistant to the Ambassador at Large (Jessup).

Mr. Gleason noted that the President had directed a review of United States policy relating to the perimeter around the USSR. He believed this should be on an over-all rather than a country-by-country basis. The purpose of this meeting was to allocate responsibility for preparation of a paper and furnish general guidance to those who would prepare it.

Mr. Kennan understood that the President desired a simple, informal review of the situation which arose as a result of the attack on Korea, i.e., at what other points the USSR or its satellites might attack, and what the United States would do in the event of such attack. Mr. Kennan believed a paper in the spirit of the actions of the last three days was wanted. He thought the chief danger spots were Yugoslavia, Iran and Eastern Germany.

Admiral Hillenkoetter agreed with this general estimate, adding that Soviet maneuvers were again taking place in Eastern Germany.

Mr. Lay (joining the meeting) said that we might also consider what we could do now, in advance of other possible Soviet attack. For example, strengthening the Mediterranean fleet and lifting manpower ceilings had been mentioned. Mr. Kennan thought this raised another and separate set of questions.

Mr. Jessup said there were three main problems, which were related but separate.

(1) An estimate of the danger spots where the USSR or satellites might take military action.

(2) What actions the United States would desire to take in the event of further Soviet military moves.

(3) Whether the United States was in a position to take the actions regarded as necessary under (2).

Mr. Kennan thought Mr. Jessup had listed the problems in order of priority. Mr. Matthews believed it important to consider steps to be taken now without awaiting further attack.

Mr. Kennan summarized current informal thinking in the State Department. If Yugoslavia were attacked there were two possible United States positions: (1) we might regard the attack as vitally affecting United States interests and thus calling for United States military assistance, (2) we might decline to consider communist Yugoslavia as on our side to an extent requiring more than limited assistance. Mr. Kennan thought a Soviet attack on either Iran or Germany would mean the USSR was ready for World War III and we would be obliged to react accordingly. He thought from observation of the Korean situation that the USSR intended to avoid open involvement and did not intend to launch a general war. However, two develop-

ments which might conceivably modify Soviet calculations were the firm United States reaction to events in Korea and the great world support which our position had received.

Admiral Hillenkoetter thought an attack on Yugoslavia by Bulgaria was the most likely contingency because the USSR could avoid open involvement there. Mr. Kennan said that Yugoslavia might be attacked either by satellite forces only or by Russian forces in addition.

Mr. Lay, recalling Pearl Harbor, raised the question of a possible Soviet attack directly upon the United States.

Mr. Kennan thought that in addition to a review of danger spots we should set up two hypotheses: (1) The USSR has concluded that war is desirable; we must ask, where and how will the Soviets begin it? (2) the USSR has no intention of provoking war at this time; we must ask, what is the USSR likely to do? For example, the Soviets might seek to eliminate the Yugoslav salient even though not desirous of general war.

Mr. Jessup said that we should include in the problem consideration of joint planning with the UK and other countries respecting Iran, Yugoslavia, etc. He also raised the question of Austria. Mr. Kennan thought it important to consider Austria. Admiral Hillenkoetter agreed, but noted that the USSR was moving forces out of Austria.

Mr. Kennan referred to the probability that the Korean matter was displeasing to the Chinese Communists and thought the reactions of that regime should be carefully watched. Admiral Hillenkoetter noted a report that the Chinese Communist Fourth Army was about to be moved into Korea.

It was agreed that a smaller drafting group would meet at 2 p. m. today in Mr. Lay's office to prepare a report within twenty-four hours. The group would consist of: Mr. Kennan or Mr. Bohlen; General Spalding; Mr. Lanphier; Admiral Hillenkoetter or Mr. Hitchcock.

It was indicated that the paper referred to at yesterday's Council meeting relating to orders for General MacArthur⁵ was now under JCS consideration and would be handled separately.

Mr. Kennan remarked that the State Department had some new thoughts on the 38th parallel. It might be that we would have to permit air operations, though no ground-force occupation, north of that line in order to dislodge the communist forces from South Korea.

⁵ General of the Army Douglas MacArthur, U.S. Commander in Chief, Far East; Supreme Commander for the Allied Powers in Japan; designated Commanding General, United Nations Forces in Korea, by President Truman on July 8.

Policy Planning Staff Files

*Memorandum of National Security Council Consultants' Meeting,
Thursday, June 29, 1950, 2 p. m.*

TOP SECRET

WASHINGTON, June 29, 1950.

Subject: Situation Resulting from Hostilities in Korea

| | |
|---------------------------|--------------------|
| Present: Mr. Kennan | Mr. Stalheim |
| Mr. Bishop | Adm. Hillenkoetter |
| Gen. Spalding | Mr. Lay |
| Gen. Lindsay ¹ | Mr. Gleason |
| Col. Shell | Mr. Boggs |
| Mr. Lanphier | |

Mr. Kennan said that the Soviet reply to our note regarding Korea had been received.² This note declared (1) that South Korea, and not North Korea, was the aggressor, (2) that Soviet policy was one of non-interference in the affairs of other states, and hence the USSR could not prevent the North Koreans from defending themselves, and (3) that the USSR did not fail to attend the UN Security Council meeting, because there can be no valid meeting in the absence of Communist China. Mr. Kennan said this note was reassuring in indicating that the USSR was not directly involving itself, but it was not reassuring in that it showed a determination by the USSR to involve the U.S. with the Soviet satellites. The Chinese Communist reaction to our measures had been hostile and provocative, indicating a possible intention to attack Formosa. Mr. Kennan said we would need to watch the Chinese Communists very carefully.

Mr. Kennan referred to the possibility of a gradual build-up of naval strength supplied to the Chinese Communists by the USSR. He said this highlighted the importance of the islands near Formosa. His feeling was that we should communicate to Chiang Kai-shek³ substantially as follows: Chiang's support or evacuation of these islands is a question to be arranged with our naval commander in the Far East. We should not take the responsibility of telling Chiang that he cannot defend these islands, nor do we want to assume the responsibility for defending them. Mr. Kennan also referred to the possibility that Chiang might be overthrown at any time, and said this raised the question of direct U.S. military liaison with subordinate Chinese commanders.

¹ Maj. Gen. Richard C. Lindsay, Deputy Director for Strategic Plans, Joint Staff, Joint Chiefs of Staff.

² For text of U.S. note of June 27, see vol. VII, p. 202. The Soviet reply is quoted in telegram 1767 from Moscow, June 29, *ibid*, p. 229.

³ President of the Republic of China.

Mr. Lay asked whether the most likely next steps might be Chinese Communist involvement, either by an attack on Formosa and nearby islands, or by the introduction of forces into North Korea. Mr. Lay said that if Chinese Communists in uniform moved into North Korea, we would be in a better position to conduct military operations north of the 38th parallel. Mr. Kennan agreed. He said that if we caught Chinese Communists in South Korea we could go north of the 38th parallel and even bomb in Manchuria. He said we would take the position that we would not recognize any Chinese Communist declaration of war against us, but if they interfered with our mission in Korea we would take any necessary action. In other words, we would ignore their words but not their deeds. Mr. Lay wondered whether we should say this to the Chinese Communists. Mr. Kennan thought this question should be considered further.

General Lindsay warned that if we bombed in Manchuria with conventional bombs we would lose some of our capability of using atomic weapons if they later became necessary. He said, however, that it would be desirable to destroy lines of communication and bases in North Korea. General Lindsay also indicated the current approach of the Joint Chiefs of Staff, which was that our operations should be limited to South Korea in principle, but that General MacArthur should be left free to operate north of the 38th parallel if he considered it necessary to the success of his mission.⁴

Mr. Lay said it was the consensus of this morning's meeting that Yugoslavia was one of the chief danger spots. Mr. Kennan said he did not believe that the USSR would attack Yugoslavia unless the Soviets became very jittery. Mr. Lay asked whether our actions in Korea would create jitters in Moscow. Mr. Kennan thought the Russians were not yet jittery; on the contrary, they were cool and calm, and somewhat surprised by our reaction in Korea. He thought there was no logic indicating a Russian attack on Yugoslavia, except that if the Russians were planning World War III they might wish to liquidate Tito first. Admiral Hillenkoetter thought that if the Russians planned World War III they would attack Germany first and let Tito sit. Mr. Lay said the question was if the Russians planned to start war what would they do first? Mr. Kennan said that if Russia were ready for war they might put satellite forces on the Yugoslav border to keep Tito quiet. Mr. Gleason asked whether the USSR would not wait for a quiet period before going after Yugoslavia. Mr. Kennan said his preliminary view of our position on Yugoslavia was that whether satellite or Russian forces attacked Yugoslavia,

⁴ For the Joint Chiefs of Staff directive issued to General MacArthur on June 29, 1950, see vol. VII, p. 240.

we ought to keep out except for limited assistance to Tito. It was agreed that this was consistent with present NSC policy.

Mr. Kennan said if an attack was made on Yugoslavia it would be necessary for us to brief the press to indicate that our prestige was not involved by such an attack. Admiral Hillenkoetter said he had no evidence that the USSR was prepared to support the North Koreans. There appeared to be little Soviet military activity anywhere in the Far East. Mr. Kennan indicated his belief that no new Communist move was impending in either Indo-China or Burma.

Admiral Hillenkoetter said there was no evidence of a Soviet build-up near Iran except for naval maneuvers in the Caspian Sea. Mr. Kennan believed Russia would not take military action in Iran unless they were ready for World War III, but if the Russians were ready for World War III they would not start it in Iran.

Mr. Lanphier said they would start it with an attack on the United States. General Lindsay said they would attack both Western Europe and the U.S., and also possibly Iran. Mr. Kennan said Russia realizes she cannot move militarily north of China or west of Afghanistan except in Finland, without raising the possibility of a world war. He thought the Soviets would not make a military move unless they were ready for such a war. He thought the Soviets might take military action around the periphery rather than directly against the U.S. if they were ready for a world war, because they believed that would be a better way to start it from the standpoint of propaganda. General Lindsay said the Soviets might take military action on the periphery in order to force us to make the initial attack. Mr. Kennan agreed, but thought that in this case the USSR would lose the element of surprise, and he did not believe they would be willing to give up the possibility of a surprise attack. Mr. Kennan said there was little likelihood of a collapse of the government of Iran in the face of Soviet pressure.

Mr. Kennan then turned to the broader question of over-all Soviet tactics. He said he believed the Russians now intended to exploit the Asiatic satellites against us until Eastern Germany was built up as a satellite able to fight the Western European countries.

In response to a question, Mr. Kennan said Finland was right in the Soviet orbit already. We would not want to intervene if the Russians took over in Finland, nor would we want to do anything to provoke Russian action in Finland or Sweden. He said we had never challenged Russia behind the lines drawn as a result of the settlements closing World War II, but that anything this side of that line engaged our interests. Finland, however, was behind that line.

Mr. Lay asked what steps should be taken now in advance of further Russian moves. Mr. Kennan thought that we might step up military

assistance to Western Europe. Mr. Lanphier again raised the possibility of a Russian attack on the U.S. Mr. Lay said he was worried because the Soviet reply referred to at the beginning of the meeting was just the kind of peaceful reply the Russians would make if they were planning an attack on us. Mr. Kennan said he did not wish to discount the possibility of a Soviet attack on the U.S., but he thought the Soviet intention of exploiting the Asiatic satellites against us was more probable because there was no risk involved for the USSR. Mr. Lay said that if the Korean situation went wrong for the Russians, they must realize how difficult it would be for them to reach their objectives without military action against us. Mr. Kennan asked what military action the Soviets would most likely take in case they were ready for World War III. General Lindsay said the Russians would deliver the greatest possible initial attack within their capabilities against critical industrial targets in the U.S. Simultaneously they would attack Western Europe and particularly bases in the U.K. Mr. Kennan agreed that the Soviets would not start a world war unless they felt it within their capability to cancel out North American industrial potential. To him this indicated that a global war now was rather remote, since he did not believe the USSR had the capabilities to attack North America successfully. He thought if the Russians got into a world war now they would have stumbled in, and in the long run this might be the best situation for us.

It was agreed:

(1) That Admiral Hillenkoetter would prepare a draft on an estimate of the danger spots where the USSR or satellites might take military action.

(2) That Mr. Kennan would prepare a draft on what actions the United States would desire to take in the event of further Soviet military moves.

(3) That the group would meet again at 11:00 a. m. on Friday, June 30, 1950, in the office of the Executive Secretary, NSC.⁵

⁵ No draft by Admiral Hillenkoetter on possible Soviet military action, no draft by Kennan on United States response, and no record of a June 30 meeting have been found in the files of the Department of State. However, on the 30th, Kennan transmitted a draft report titled "Possible Further Danger Points in Light of Korean Situation" to Ambassador Jessup and Deputy Under Secretary Matthews. Kennan's covering memorandum read as follows:

"There is attached a copy of a draft report on possible further danger points which I prepared this afternoon in the light of our discussions with the NSC Consultants, General Lindsay, Chief of the Strategic Planning Staff, and Admiral Hillenkoetter. I am sorry there was not time to clear this with you, but I have shown it to Bohlen and to the S/P Staff.

"We will discuss the draft at the NSC tomorrow at 10:30 a. m. If you have any suggestions or comments, please let me have them before then.

"Present plans call for sending copies of the report to all of the members of the Council including the President, tomorrow afternoon. Prior to that stage, there will be no final commitment of our Secretary or of the Department to the report, which will be the report of the special NSC group."

A marginal notation indicates that the Kennan draft, not printed, was rewritten in the National Security Council as NSC 73 (*infra*). (Policy Planning Staff Files)

S/S-NSC Files : Lot 63D351 : NSC 73 Series

*Report to the National Security Council by the Executive Secretary
(Lay)*

TOP SECRET

WASHINGTON, July 1, 1950.

NSC 73

NOTE BY THE EXECUTIVE SECRETARY TO THE NATIONAL SECURITY
COUNCIL ON THE POSITION AND ACTIONS OF THE UNITED STATES WITH
RESPECT TO POSSIBLE FURTHER SOVIET MOVES IN THE LIGHT OF THE
KOREAN SITUATION

Reference: NSC Action No. 308-b¹

Pursuant to the reference action of the National Security Council, the enclosed preliminary report, prepared by the NSC Consultants and Staff, with the assistance of representatives of the Departments of State and Defense, the National Security Resources Board, and the Central Intelligence Agency, is transmitted herewith for the information of the National Security Council and the Secretary of the Treasury.

The final report, which will also include possible actions to be taken by the United States to counter further possible Soviet moves, as well as U.S. capabilities to support such action, is still in preparation and will be submitted for Council consideration at an early date.

Accordingly, the present enclosure has not been reviewed by the members of the Council nor by the Joint Chiefs of Staff and commits neither body with respect to any of the views contained therein.

JAMES S. LAY, JR.

[Enclosure]

Draft Report by the National Security Council

TOP SECRET

[WASHINGTON, July 1, 1950.]

THE POSITION AND ACTIONS OF THE UNITED STATES WITH RESPECT TO
POSSIBLE FURTHER SOVIET MOVES IN THE LIGHT OF THE KOREAN
SITUATION

INTRODUCTION

THE BASIC OBJECTIVE OF THE U.S.

1. In accomplishing this review we must be always mindful of the basic objective of the U.S. to maintain the peace of the world. We

¹ NSC Action No. 308-b, taken by the Council at its 58th Meeting, June 28, read as follows: "Noted the President's directive that the Council resurvey all policies affecting the entire perimeter of the USSR." (S/S-NSC Files: Lot 66D95: NSC Actions)

must be guided by the premise that a general war is not inevitable and that, while accepting the probability of local conflicts as the aggressor pursues his expansionist policy, and we counter this policy as contemplated in NSC 68, we must govern our approach to and resolution of each crisis with our basic objective in view.

2. In this connection, our current involvement in the Korean crisis is unique in that it has occurred in the only theater in which the U.S. is capable of conducting immediate general offensive operations with its armed forces. In all other areas discussed herein, the armed forces of the U.S. are either not appropriately positioned or are of such inadequacy as to be incapable of effective action in the event of further crises.

3. It is emphasized that the conclusions which emanate from this study can only be derived after the completion of the second part of this review which will determine whether the U.S. is in a position to take the action regarded as necessary under the terms of this draft.

PART I

ESTIMATE OF POSSIBLE FURTHER SOVIET MOVES IN THE LIGHT OF THE KOREAN SITUATION AND THEIR EFFECT ON THE POSITION OF THE UNITED STATES

I. *Soviet Intentions*

4. The assessment of the danger of further Communist moves in other areas can be undertaken only in the light of the most likely pattern of Soviet intentions. The general conclusion reached in NSC 68 was that the Kremlin does not now intend to engage in a major war. The events of the past few days, which do not invalidate this conclusion, strongly indicate the following pattern :

5. In causing the attack to be launched in Korea, the Kremlin did not intend to bring about a general war or to involve the USSR in a showdown with us. Its aim was rather to acquire strategic control over South Korea, and at the same time to probe the attitude of the United States by confronting us with the following choices :

a. To acquiesce in the Communist seizure of South Korea, thus suffering a tremendous prestige defeat and the loss of public confidence everywhere; or

b. To become involved in a profitless and discreditable war of attrition with the Soviet satellites in Asia, wasting our military forces and turning all Asiatic peoples against us.

In either case, the Kremlin hoped that the ultimate outcome would be our retirement from the Asiatic scene.

6. The Kremlin has calculated its moves with a view to keeping the responsibility of the Soviet Government unengaged and its own military forces uncommitted.

7. While the Kremlin was probably surprised and unsettled by the vigor of the initial U.S. reaction and by the overwhelming approval of the U.S. move throughout the rest of the non-Communist world, these developments do not appear to have invalidated or modified significantly the concept on which it was probably working.

8. The reasons which have led the Chinese Communist leaders to yield to the Kremlin influence in cooperating in this program are less clear, and it is possible that they are committing certain political blunders of which we may be able to take advantage in the coming period. For the moment, however, we must recognize that they are heavily committed, by their own words and by the logic of the situation.

II. *Probable Further Moves in the Light of this Pattern of Intentions*

9. If this analysis of intentions is generally correct, the Kremlin:

a. Will not be inclined, with the Korean action now in progress, to commit its own armed forces to actions which might be expected to lead to the outbreak of a new world war;

b. Will encourage the international Communist movement to take every conceivable action to embarrass us at this time, particularly in Asia; and

c. Will make every effort to probe the firmness of our purpose and our nerves at other sensitive points, above all in Germany and Austria, where their forces come in contact with ours.

10. Let us analyze each of these points:

a. It would appear that if the Kremlin does not wish to provoke a world war, it will not launch overt military attacks with Soviet forces against other countries in instances where it can be fairly sure that general war would be the result. We cannot be certain of the Kremlin's analysis on this point, but we believe that this would probably rule out overt military aggression by Soviet forces at this time against Greece and Turkey. The same general considerations apply to Iran as to Greece and Turkey, except that the Kremlin might consider that in the case of Iran it is less clear that the U.S. and U.K. would react by interposing their forces. We believe, therefore, that Soviet military demonstrations of force on the frontiers of these countries or in the Black Sea are primarily for purposes of intimidation and political softening up and probably do not represent, if our estimate of Soviet intentions is anywhere near correct, a plan to attack any of these countries at an early date.

The case of Yugoslavia is somewhat different. It is doubtful whether the Kremlin concludes that we would go to war if Yugoslavia were to be attacked either by its satellite neighbors alone or by the USSR and the satellites. On the other hand, such a project bears other serious disadvantages from the Soviet standpoint. It would tie Soviet and/or satellite forces up on a peripheral area, leaving the Atlantic Pact group untouched and able to continue to build up its forces on the sideline while Soviet and/or satellite military strength was being expended against a well-entrenched opponent. It would involve the deliberate

precipitation of the wastage of Soviet resources to the advantage of the West in a manner in reverse of that which obtains to the situation in Korea. It is therefore our conclusion that it is unlikely, if the above analysis of Soviet intentions is correct, that Yugoslavia will actually be attacked. Again, it is probable that the movements of military forces in the vicinity are occasioned by any one or all of the following purposes: intimidation, deception, or desire to be able to neutralize Tito in the event that a world war should ensue by inadvertence in the near future.

Should the Kremlin, contrary to our estimate, actually launch an attack on Yugoslavia with its own or satellite forces or both, this Government should follow its existing policy determinations with respect to this contingency: i.e., it should not enter into such a war directly but should support Tito to the extent possible by supplying arms and other forms of indirect assistance as well as participating in appropriate UN action. In this event, however, we would have to revise entirely our estimate of Soviet intentions and make a new search for the motives of such an attack. As of today, no such motives are apparent.

With respect to Germany and Austria, if the Kremlin does not want war, it will not make moves with Soviet forces at those points which it thinks will bring on war; but it will of course go as far as it believes it can go without producing this result.

b. The second of these points, namely the effort to embarrass us in every conceivable way through operations of Communist parties and stooge groups abroad, may not produce, in many areas, any particular change in the existing military situation, for the reason that the existing possibilities are already being exploited. However, intensified Communist subversive or revolutionary activity might fully engage local military resources in Southeast Asia and even in Hong Kong. The main possibilities under this heading lie in the use of the forces of Communist China, the only Soviet satellite, in addition to North Korea, which is today in a suitable position to be successfully exploited against us. These possibilities which may be subject to rapid alteration in the light of developments in the Korean situation are:

- (1) The introduction of Chinese Communist forces into the Korean conflict. While this is a matter for operational decision, it is our assumption that we would not hesitate to oppose any Chinese Communist forces which might engage themselves against us in the Korean theater, or any movement of such forces to the Korean theater. If they should become engaged in the theater we would have adequate grounds for air and sea attacks on targets in Communist China directly related to the enemy effort in Korea. Whether we would wish to take such action would be a matter for consideration in the light of circumstances prevailing at the time. An entry of Chinese Communist forces into the Korean theater would indicate a significant widening of the Korean conflict in the military sense and should be the occasion for a careful review, and possible revision, of our concept as to our military mission in Korea, and the over-all implications of our involvement there.

(2) The next possibility of Chinese Communist action, in order of likelihood, lies in further Communist action against Chinese islands under Nationalist control. While the Chinese Communists are desperately anxious to get control of Formosa (including the Pescadores), and have announced their intention to do so regardless of our decisions, it is regarded as unlikely that they would accept the risks involved in an all-out attack at this juncture. They may move against other islands held by the Nationalists, namely, the Lintin and Lema Islands off Canton, Kinmen (Quemoy) Island off Amoy, Matsu Island off Foochow, and Tachen Islands off Chenkiang Province.

In the event that islands now under Chinese Nationalist control, other than Formosa and the Pescadores, should be attacked by the Chinese Communists, we would not assume the responsibility for defending them, but we should also not forbid the Nationalists to defend them and should not stand in the way of their supporting such operations from Formosa, provided that such action did not interfere with the execution of the present mission of our forces in the vicinity. (The foregoing is highly tentative pending further military consideration now under way.)

(3) The third strong possibility for Chinese Communist action in the near future is with respect to Hong Kong and Macao. Communist control over Macao would be of no great importance. Although it is a Portuguese possession, the operation of the Atlantic Pact does not extend to it. The position we should take in the United Nations in case of Communist seizure is one which will be given further study in the Department of State.

A military attack on Hong Kong is not likely in present circumstances. If it were to occur, contrary to expectations, we would approve of UN action favorable to the British. We should respond to British requests, if any, for support in the United Nations, for relief assistance in the form of food and other supplies, for provision of assistance in merchant shipping for supplies or evacuation, and should give them such military assistance as was possible in the light of our own military commitments and capabilities at that time.

The probability is that a strong effort will be made by means of subversion, sabotage, and civil disorder to make life untenable for the British in Hong Kong, and there will be little that we can do with relation to such efforts. If these circumstances should assume serious dimensions our principal political concern should be to see that the British accept and take the primary responsibility.

(4) A Communist acquisition of control over Tibet in the fairly near future is to be expected. Here, again, our principal political concern is to make sure that U.S. prestige is not impaired; no immediate military implications are involved.

(5) Although intelligence data now available is insufficient to indicate clearly the likelihood of Chinese Communist military moves against Indochina or Burma in the near future, such moves are both possible and logical.

In the event such moves are made, the United States should act according to existing policy determinations and should provide

every assistance possible short of actual participation of U.S. armed forces. Further, the question of employing U.S. armed forces should be reviewed in the light of the situation at the time.

In addition to this we must recognize the possibility of developments in Iran, short of an overt Soviet move, which would place that country under Communist control. Such developments are not regarded as probable in the near future, but the possibility cannot be excluded. The most likely variants would be a seizure of power by the Tudeh Party, or a drift of the Iranian Government toward "neutrality" and a pro-Soviet attitude. There would be little we could do directly about such a development, but we would have to act urgently to bolster confidence in Turkey, Iraq, and the neighboring areas.

c. The testing of our firmness in other areas may take every form known to Communist ingenuity. The present denial of electric power to western Berlin may be in part an expression of this. Other provocations and annoyances may occur, even up to and including an attempt to reimpose the Berlin blockade or a possible attempt to blockade Vienna. If any weakness or hesitation is encountered on our part, anywhere, it will be instantaneously exploited by the Communists to undermine confidence in us in Europe and elsewhere and to promote a turn of political sentiment against us.

It is essential, therefore, that our representatives in Europe be instructed to show utmost vigilance and firmness in the face of any and all Soviet encroachments, however minute or seemingly unimportant. We, together with other NATO powers having occupation commitments, must keep up a bold front in Europe and be prepared to make a genuine issue of any infringements of our rights or any threats to the security of the area. This applies particularly to Germany and Austria. But we may encounter the same sort of thing elsewhere, in the form of attempts at intimidation of other countries such as Iran and Turkey.

11. In summary, therefore, in the light of our present analysis of likely Soviet intentions, further real Communist moves in the sense of overt international aggression by military forces, are to be expected only on the part of the Chinese Communists, but in other areas we must expect a variety of Soviet efforts to frighten us and our friends, to divert our attention, to waste our resources, and to test our firmness.

III. *Possibility that Kremlin Might Decide for War*

12. As already stated, the foregoing analysis has been predicated on the assumption that the Kremlin does not intend to engage in a general war in the near future for the reasons stated in NSC 68. That assumption may be wrong. It is merely the assumption that seems to have the greatest support on the basis of available data. Should it be wrong, and should the Kremlin be desirous of or reconciled to a general war in the near future, then the following appears applicable:

a. The Kremlin would have little reason to wish the outbreak of a general war to occur before we had reached the point of maximum

diversion of our forces and attrition of our resources in the present Far Eastern complications, which do not involve the forces of the Soviet Union. In other words, as long as things are going against us in Korea, and we are being forced to commit greater and greater resources in that area, the Kremlin would not seem to have any reason to hasten the outbreak of general hostilities. They would be steadily increasing their own capabilities as ours diminished. This could change, however, at the point where the Kremlin estimated that our maximum weakness has been reached, and that further passage of time leading to the material strengthening of the relative position and military posture of the U.S. would not work to Soviet advantage.

b. Even granted a Soviet desire to unleash a new world war, it is considered that the Soviet Union would not gain by isolated attack on Iran, Greece, Turkey, or on Yugoslavia. Such attacks, while giving to the Soviet forces an initial advantage in a restricted theater of operations, would lose them the advantage of surprise in the world theater. Furthermore, none of these restricted theaters is one in which the USSR particularly needs the advantage of surprise in order to make initial penetrations. These are areas in which they would probably consider that we would not be inclined to oppose them at their own frontiers, even in the absence of the element of surprise.

c. It is our belief that if the Soviets wish to unleash a third world war they will attack simultaneously, within the limits of their capabilities, in Germany and Austria, in the Near, Middle and Far East, and against the United Kingdom and the North American continent, in order to derive a maximum advantage of surprise.

IV. Possible Soviet Moves Which Fit Into No Recognized Pattern of Intentions

13. If the Soviets do not wish to provoke a general war, they are not likely to launch attacks in isolated areas which might be expected to provoke such a war. If, on the other hand, they do want a general war, they are not likely to launch attacks which lose them the advantage of general surprise.

14. If, therefore, overt Soviet attacks were to occur against Iran, Turkey, Greece, or Yugoslavia, we would have to assume the existence of a pattern of motives on the Kremlin's part contrary to the foregoing analysis. Meanwhile, however, we would have to act. The nature of such action in the case of Yugoslavia has already been indicated. In the case of Greece, Turkey, or Iran, we would have to accept a Soviet attack as an indication that a general war was upon us and unavoidable. Unquestionably, the matter would at once be brought to the United Nations, and at some stage we would be confronted with the problem of whether and when to recognize the existence of a state of war. The probabilities are that world opinion, in the present tense circumstances, would not permit us to delay long in recognizing the existence of a state of war between ourselves and the Soviet Union in such an eventuality. The alternative would be similar to that with

which we were recently faced in Korea, namely, a drastic and catastrophic drop in world confidence, with attendant unfavorable repercussions on our purposes in every part of the world. Having recognized the existence of a state of war, we would be guided by existing war plans for such a contingency.

15. A direct Soviet attack upon our forces in Germany, Austria, or Japan is also improbable in the light of our present analyses of Soviet intentions. Should it nevertheless occur, it would obviously produce automatically a state of hostilities between the two countries, since our own forces would be inevitably attacked and would have to act in self-defense.

PART II

POSSIBLE ACTIONS BY THE UNITED STATES TO COUNTER FURTHER SOVIET MOVES AND UNITED STATES CAPABILITIES TO SUPPORT SUCH ACTIONS

(Still in preparation.)

Policy Planning Staff Files

*Statement by the Chairman of the National Security Resources Board
(Symington) to the National Security Council*¹

TOP SECRET

[WASHINGTON,] July 6, 1950.

SUGGESTED ACTION BY THE NSC FOR CONSIDERATION OF THE PRESIDENT IN THE LIGHT OF THE KOREAN SITUATION

The invasion of South Korea came as a surprise and shock, not only to the people of the United States and the world, but also to the people around this table, whose job it is to keep the President correctly advised.

As we see it, there are further shocks which must be absorbed, the possible consequences of which it is our duty to present to the President.

First is the now unmasked great and growing combined military strength of Soviet Russia, and such of its willing and ambitious satellites as China and North Korea; a strength so great that it will be impossible for the United States to settle this dispute in this little country of Korea for some months; and if additional "outbreaks" of communist satellite countries force us into further attrition of our

¹ This statement was read and discussed at the 60th Meeting of the National Security Council, July 6, and was subsequently circulated to Council members. On July 7, in accordance with Symington's suggestion, the statement was referred to the NSC consultants for consideration in connection with NSC 73 (*supra*).

own forces, the ramification of this incident might not be settled for many years.

Second is the serious current inadequacy of our own military forces, to the point where, even in order to settle this Korean incident, and without considering the millions of trained Chinese and Russian regulars which might be used against us in the Far East, we are already being forced to seriously weaken the defenses of the United States.

(As example, if the Russians reimpose the Berlin blockade there are not enough airplanes available to handle simultaneously another Berlin airlift, the Korean campaign, and the absolute minimum airlift necessary for the military defense of the United States. This is still true even if we commandeered the planes of all our airlines, which action would of course seriously cripple the domestic economy.)

Third is the fact, also presented by the Munitions Board less than two months ago, that there is no long-range strategic defense plan. Without such a plan neither the Munitions Board, the Resources Board, or the State Department can operate with efficiency.

In other words, on any really accelerated basis, nobody knows what to make, or how much to make, or when, or why.

If a general war starts tomorrow, therefore, everybody will want everything yesterday; and the operating chaos resulting from such an approach to joint military-civilian planning would be further complicated by the knowledge that any time, from here out, this planning might have to also include recognition of the problems of major sabotage and devastating atomic attacks.

This situation is a far cry from the number of years we have always been favored with in the past when it became necessary to handle, with relative leisure, military and civilian mobilization.

Prior to now also there has been no requirement for any true civilian defense.

Those are the facts. As we see it, the important point now is to first recognize these facts and then present to the President the actions we believe necessary to reduce this critical danger to a minimum as quickly as possible.

How the situation developed is now secondary. What is primary is that we are in it; and what would now seem most important is our best considered advice to the President as to how to get out of it.

With this in mind, the Resources Board advises the National Security Council to recommend to the President action based on the two following premises:

(1) When they believe they are ready, the Soviet Union plans to attack the United States, because it is their often reiterated intention to rule the world.

(2) In the interim, the Soviet Union can be expected to harass the United States, through such satellites as North Korea, communist China, and eastern Germany.

In the light of these two premises, we should start now to spend more money instead of less money for our national security; we should embark promptly on whatever program is necessary to support the position which, with our advice, the President has taken before the American people, and the world.

In order to properly support this proposed change in security planning, it is necessary that all agencies of the Government operate from the same long-range strategic defense plan.

We do not now have such a plan. It is essential as the foundation for military-civilian planning, and also for that information required by the State Department to conduct foreign affairs.

In 1945 the President directed that such a plan be formulated. Now, five years later, he has not yet received it.

The need for this plan is no theoretical matter. Answering the President's five-year-old directive may now be essential to our survival.

In summary, Russian tanks and soldiers are now reported in South Korea, part of the 116,000 troops estimated as now fighting against us in that theater. In addition, close to the Korean border there are reports of a minimum estimated 100,000 Chinese communist regulars, plus another 60,000 Russian communist regulars; or a total force striking or ready to strike of at least 276,000.²

In addition, we know that the military posture of the communist nations all over the world is steadily strengthening.

Against this number, and that posture, similar forces of the United States in that area now total 52,000 combat troops, plus 73,000 house-keeping personnel.

Of these combat troops, around 10,000 United States soldiers and some 25,000 regrouped South Koreans are now engaged with the enemy.

No airpower on either side is included.

The British refused to face up squarely to the menace of Naziism until the invasion of Poland. Some might feel as late as the invasion of Norway.

The President carefully avoided that mistake when he electrified the country and the world by backing, with the support of the United Nations, the Republic of South Korea.

In order to carry out what is essential to maintain the President's

² For various estimates of the Soviet role in the Korean conflict, see volume VII.

position, should we not now recommend erring if anywhere on the "too much" side instead of on the side of "too little"?

Our national survival is now paramount over all other considerations. Is it not possible that if we are to have any chance of maintaining the freedoms we cherish above all else, any delay in taking the action necessary to implement the President's policy may result in our being too late?

117.2/7-1250

Memorandum by the Director of the Policy Planning Staff (Nitze) to the Secretary of State

TOP SECRET

[WASHINGTON,] July 12, 1950.

Subject: Relationship with the Defense Establishment ¹

Supplementing Mr. Jessup's memorandum to you on this subject, dated July 11, 1950 (copy attached),² I wish to point out the following:

1. For some time it has been virtually impossible to obtain speedy and clear-cut decisions on matters involving the Joint Chiefs of Staff, the service departments, and the office of the Secretary of Defense. The situation has become acute recently in connection with the work on NSC-68 and NSC-73.

2. Decisions have been obtainable swiftly only when events have forced agreement at the highest level. However, this is undesirable since these decisions are forced in haste, often without proper preliminary thought and study, and, in any event, leaving a host of other issues unresolved.

3. In the preparation of NSC papers on politico-military matters there is no way to obtain the views or comments of the service departments or the JCS at the drafting stage. As a consequence, conflicting views are constantly brought to the NSC. This results in irritating and time-consuming discussions which detract from the matters that ought to receive the full attention of the NSC.

¹ This memorandum was presumably drafted in preparation for the July 12 meeting between Secretary of State Acheson, Secretary of Defense Johnson, and W. Averell Harriman, Special Assistant to President Truman, during which the question of State-Defense liaison was among the topics discussed. Nitze's memorandum of conversation of that meeting read in part as follows:

"8. Secretary Johnson agreed that General Burns could not by himself handle all the complex relationships between the Defense and State Departments, and that one of his principal functions should be to establish lateral contacts between Defense and State. Secretary Johnson said that he would take steps immediately to make it clear to the Defense Establishment that he approved of the development of appropriate contacts between State and Defense and that such contacts, once established, should be continued without specific clearance with General Burns for each conversation. He agreed that it was more important that the necessary contacts be developed than that specific rules for clearance with General Burns be enforced.

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"10. Secretary Johnson agreed to Harriman's suggestion that the Secretary, Harriman and he have dinner together once a week." (Policy Planning Staff Files)

² Not printed.

4. The secretariat of the NSC has not been effective in ironing out differences among NSC members at the drafting stage.

Efforts to seek a solution to the problems set forth above should not be delayed. Action that might be taken includes the following:

1. Retain the present channel of communication with the Defense Establishment through General Burns for certain urgent matters only.³

2. Establish lateral working relationships between State and the military, so that their respective points of view will be brought together at the drafting stage. The NSC should designate working groups to prepare a single NSC paper on a subject. The representatives of the Department of State and of the Defense Establishment who are members of those working groups should be of a stature to enable them to consult with the highest level in their respective departments or staffs. If this is done, many conflicts can be ironed out at an early stage and the NSC can be the forum for consideration of only major questions.

3. The NSC secretariat should be strengthened by the addition of top level personnel so that the secretariat can work effectively with the various working groups established to draft NSC papers. The Executive Secretary of the NSC should function in an executive capacity and should invoke the authority of the chairman if necessary.⁴

As a corollary to the above, it would be desirable to establish close permanent relationships between the State Department and the Joint Chiefs of Staff and the Joint Strategic Survey Committee. A high-ranking officer selected by appropriate military authority should be designated to sit with the Policy Planning Staff, and the Secretary of State should designate an officer of comparable stature to attend meetings of the Joint Chiefs and of the Joint Strategic Survey Committee.

³ Regarding the existing State-Defense channel of communication, see memorandum by Secretary of Defense Johnson on "Organization for the Handling of Politico-Military Matters in the National Military Establishment," August 3, 1949, *Foreign Relations*, 1949, vol. I, p. 365.

⁴ The President was the Chairman of the National Security Council.

661.00/7-1350

*Memorandum by Mr. Charles E. Bohlen*¹

TOP SECRET

[WASHINGTON, July 13, 1950.]

EVALUATION OF THE GENERAL SITUATION²

Careful and intensive analysis of possibilities in the world situation in particular points and of the character of the new Soviet inspired aggression has revealed, of necessity, various interpretations as to

¹ See footnote 1, p. 221.

² The copy of this document in the Policy Planning Staff Files bears a type-written notation indicating that the paper was handed to the Secretary of State by Nitze on July 13.

Soviet intentions. However despite these differences in estimate, all studies on this subject which have been conducted in State and Defense agree on the following conclusions :

1. The Soviet Union has the military capability at the present time of taking, or inspiring through satellites, military action ranging from local aggression on one or more points along the periphery of the Soviet world to all-out general war.

2. While estimates of probabilities of Soviet action vary it is completely agreed that there is not sufficient evidence to justify a firm opinion that the Soviet Union will *not* take any one or all of the actions which lie within its military capabilities.

3. There is unanimous agreement, therefore, that the present world situation is one of extreme danger and tension which, either by Soviet desire or by the momentum of events arising from the Korean situation in which actual warfare is in progress, could present the United States with new outbreaks of aggression possibly up to and including general hostilities.

There are definite signs that the United States reverses in Korea have brought discouragement and dismay to our friends and it is to be expected that as long as these reverses continue this feeling will deepen, possibly even to the point where our friends and our allies will begin seriously to question the validity of their military and political association with the United States. For the same reason our reverses will tend to render more confident and arrogant our enemies and increase accordingly the possibility that they will be emboldened to take greater risk to achieve certain objectives than heretofore.

It is therefore obvious that it is urgently necessary for the United States to initiate measures necessary to bring about a rapid build-up of the United States military position both in manpower and in production in order to place us as speedily as possible in a military situation commensurate with the present state of international affairs. Among others the chief reasons for such action may be listed as follows :

1. Vital necessities of U.S. national defense.
2. The possible deterrent effect upon our enemies of evidence that the U.S. is seriously mobilizing its strength, as an offset to the encouragement they would receive from our reverses in Korea.
3. The heartening effect particularly in the field of military production that such action would have upon our allies.

[Attachment]

U.S. ACTIONS REQUIRED TO MINIMIZE THE LIKELIHOOD OF SOVIET AGGRESSION OR OF NEW SOVIET-INSPIRED AGGRESSION AND TO DEAL WITH SUCH AGGRESSION IF IT OCCURS

1. From the political point of view, we can most reduce the likelihood of further Soviet and Soviet-inspired aggressive moves by a

decision to achieve a rapid and substantial development of the strength of our armed forces and the armed forces of our NAT allies and by solid evidence of the economic and industrial measures to make this decision effective. Measures under this heading include:

a. Federalization of the National Guard and employment of the draft to accomplish a rapid increase in forces under arms; re-activation of available air and naval equipment.

b. Appropriation of funds and placement of orders to equip these forces as rapidly as possible, including adoption of necessary economic control measures (such as authority to allocate scarce materials and to impose limitation orders), and activation of idle capacity and development of new capacity for production of military end-items and related items.

c. Acceleration of rate of MDAP deliveries to Western Europe and appropriation of funds necessary for this and for expanding military production in Western Europe.

d. Initiation of an intensive program for development and perfection of new defensive weapons.

It is of the greatest importance to make a start without awaiting the perfection of detailed plans, if necessary by requesting round-number appropriations for these purposes as a first step toward building the strength which the Korean crisis has shown to be necessary.

2. It is also important to take measures which will increase the confidence and solidarity of the free world. It also includes increased economic assistance to potentially threatened areas, possibly \$300 million.

Acheson Papers ¹

Memorandum of Conversation, by the Secretary of State ²

TOP SECRET

[WASHINGTON,] July 14, 1950.

At the Cabinet meeting this morning the Secretary made the following statement on the Korean crisis and related possible developments:

The Secretary was asked what the State Department's judgment was on the probable danger spots were with reference to possible further communist or Soviet moves. The Secretary said that he did not think that it was profitable for him to go over specific spots again, since General Bradley had reviewed these military danger spots, and the next crisis might arise at any one of a dozen places. The main point was that the State Department and the Pentagon were agreed on the following general points:

¹ Papers of Dean Acheson, Secretary of State, 1949-1953, at the Harry S. Truman Library, Independence, Missouri.

² This document was drafted by Barbara Evans, Mr. Acheson's personal secretary, on the basis of his report of the meeting.

1. The Soviet Union has the military capability at the present time of taking, or inspiring through satellites, military action ranging from local aggression on one or more points along the periphery of the Soviet world to all-out general war.

2. While estimates of probabilities of Soviet action vary it is completely agreed that there is not sufficient evidence to justify a firm opinion that the Soviet Union will *not* take any one or all of the actions which lie within its military capabilities.

3. There is unanimous agreement, therefore, that the present world situation is one of extreme danger and tension which, either by Soviet desire or by the momentum of events arising from the Korean situation in which actual warfare is in progress, could present the United States with new outbreaks of aggression possibly up to and including general hostilities.

That is the situation we face, and it is one of gravest danger. It is becoming apparent to the world that we do not have the capabilities to face the threat, and the feeling in Europe is changing from one of elation that the United States has come into the Korean crisis to petrified fright. People are questioning whether NAT really means anything, since it means only what we are able to do. Our intentions are not doubted, but are [*our*] capabilities are doubted.

In Asia the fear is manifested in two places—Japan and India. In Japan the Socialist Party has adopted officially the principle that there must be a treaty with the Soviet Union as well as with the other belligerents; that Japan should be neutralized and that American troops should be withdrawn. This is evidence that they believe association with the U.S. is dangerous to them.

In this situation the question is what the United States can do to affect these trends. Obviously it must do all possible to deal with Korean situation and other present dangers, but it must do more now. Prompt action is worth more than perfect action. In the very early days of next week some action must be announced. Whether that action is the best possible action is less important than that some effective action be taken and announced.

The Secretary listed the actions and announcements which must be made: The President's action regarding increased forces must be announced. He must ask for money, and if it is a question of asking for too little or too much, he should ask for too much. He should stress production and ask for powers of allocation and limitation. This last the Secretary thought most important; for what we announce as to military steps will be of some reassurance to our friends, but will not deter our enemies; whereas what we do in the line of stepping up production will strike fear into our enemies, since it is in this field that our great capabilities and effectiveness lie. Finally, the President should state that what we are doing in production—one of the great reasons for increased production—is to help our allies speed up their

own capabilities, so that the free world can deal with obvious dangers.

The President said he agreed.

Defense and State are agreed on these recommendations, which had been made by State, and action will be taken on Tuesday.

Editorial Note

On July 19, President Truman transmitted a special message to Congress regarding the conflict in Korea and its implications for the national security of the United States. After describing the military situation, the President stated the following: "In addition to the direct military effort we and other members of the United Nations are making in Korea, the outbreak of aggression there requires us to consider its implications for peace throughout the world. The attack upon the Republic of Korea makes it plain beyond all doubt that the international communist movement is prepared to use armed invasion to conquer independent nations. We must therefore recognize the possibility that armed aggression may take place in other areas." The President reported that he had ordered therefore the strengthening of U.S. forces in support of the Philippines and the speeding up of military assistance to the Philippines and Indochina. He also stated that he had ordered the Seventh Fleet to prevent any attack on Formosa.

In addition, he announced that he had authorized the Secretary of Defense to exceed the budgeted strength of military personnel, to use the Selective Service system if necessary, and to call up National Guard and Reserve forces as required. The President asked Congress to support this program by authorizing funds for the 1951 Mutual Defense Assistance Program and by enacting measures designed to finance the increased defense effort, to control inflation, and to increase production. For the text of the message, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, pages 527-537.

On the evening of July 19, President Truman delivered a radio and television address to the American people describing the situation in Korea and the steps which were being taken to meet it. For text, see *ibid.*, pages 537-542.

The additional funds requested by the President were provided by Congress in the first supplemental appropriations bill for fiscal year 1951. For information on Congressional action with respect to this measure, see editorial note, page 352.

700.5/7-1950

Memorandum of Conversation, by the Secretary of State

TOP SECRET

[WASHINGTON,] July 19, 1950.

Mr. Clayton¹ called at his request. He said that the problem before us was how the free world could arm itself in order to get sufficient strength within sufficient time to defeat the menace of communist aggression. The essential part of this problem was to accomplish this result without the United States going broke. If that occurred, we should have lost the struggle. I agreed that this was the problem.

Mr. Clayton stated that in his opinion the only way in which this could be done was through federal union of the democracies. He particularly spoke of the importance of bringing Australia and New Zealand into such a federal union. I asked how this would affect the immediate military and financial program since the basic task was for all the democracies to devote a much greater percentage than at present of their national income to military purposes and since mutual aid is already a principle in this effort. Mr. Clayton said that if western Europe was overrun there might be the possibility of the British Fleet's surrendering to the Communists, whereas under the federal union this would not occur.

Mr. Clayton went on to say that his principal point was not a military one but an economic one. He thought that it was not possible to get the necessary economic strength unless all financial and trade barriers were removed and that, under the present small national divisions in Europe, economic strength was not possible. He said that the President had an opportunity to become one of the greatest men in history if he would pick up this idea and move forward with it quickly. He urged me to withdraw the State Department's opposition to the resolution now pending before the Thomas Subcommittee so that the matter could be acted upon by the Congress and the public response in the United States could be obtained. He thought that if we took the initiative in this matter, the people of the democracy would override the administration and insist on the formation of the federal union. I told Mr. Clayton that I would give the most careful consideration to what he said, as I always did to his views.

In leaving, Mr. Clayton said that in his opinion between 20 and 30 percent of our national income should be devoted to increasing our military strength and that anyone who opposed such a program would meet with intense opposition throughout the country. I said that the Department was and had been keenly aware of the urgent necessity for the most speedy and substantial increases in the amount devoted to the defense purposes.

DEAN ACHESON

¹ William L. Clayton, Assistant (Under) Secretary of State for Economic Affairs, 1946-1947; previously Assistant Secretary for Economic Affairs.

S/S-NSC Files : Lot 63D351 : NSC 68 Series

The President to the Secretary of State

PERSONAL AND CONFIDENTIAL

WASHINGTON, July 19, 1950.

DEAR MR. SECRETARY: I have been considering the steps which are now necessary to make the National Security Council of maximum value in advising me as to the major policies required in the interest of our national security as a result of the present international situation. It is my desire that all such policies should be recommended to me through the Council in order that I may readily have the benefit of the collective views of the officials of the Government primarily concerned with the national security. This result can be achieved only if there are frequent Council meetings at which the responsible officials may freely discuss specific recommendations on which there has previously been coordinated staff work.

Attendance at recent meetings of the Council has been so large that I feel it has discouraged free discussion. I therefore direct that the Council meet regularly every Thursday with the Secretary of State presiding in my absence and additional attendance confined to the Secretary of the Treasury, Mr. Harriman, Mr. Soners, the Chairman of the Joint Chiefs of Staff, the Director of Central Intelligence, and the Executive Secretary of the Council. Participation by other officials will be only with my specific approval.

To be effective these meetings should be preceded by carefully coordinated staff work by the best qualified individuals who can be made available for this task. I would therefore like the Secretary of State, the Secretary of Defense, the Chairman of the National Security Resources Board, the Secretary of the Treasury, the Joint Chiefs of Staff, and the Director of Central Intelligence, each to nominate for my consideration one individual to be a member of a senior NSC staff group which will be designated by me as Chairman of the Council and which will be headed by the Executive Secretary of the Council.¹

¹ Action No. 332, taken by the National Security Council at its 63rd Meeting, August 3, read as follows:

"[The Council] Noted the President's designation of the following officials as members of a senior NSC staff group, to be headed by the Executive Secretary:

Philip C. Jessup, nominated by the Secretary of State

Thomas K. Finletter, nominated by the Secretary of Defense

Robert J. Smith, nominated by the Chairman of the National Security Resources Board

William McChesney Martin, Jr., nominated by the Secretary of the Treasury

Rear Admiral E. T. Wooldridge, nominated by the Joint Chiefs of Staff

Rear Admiral Roscoe H. Hillenkoetter, Director of Central Intelligence"

(S/S-NSC Files : Lot 66D95 : NSC Actions)

I am confident that with your wholehearted cooperation these arrangements will make the National Security Council of even greater effectiveness in the future than it has been in the past.

Very sincerely yours,

HARRY TRUMAN

Editorial Note

United States–United Kingdom political-military conversations occurred in Washington during July 20–24, 1950. The United States was represented in the discussions by General Omar N. Bradley, Chairman of the Joint Chiefs of Staff, and Ambassador at Large Philip C. Jessup. British representatives were Sir Oliver Franks, British Ambassador to the United States, and Marshal of the Royal Air Force Lord Tedder, Chairman of the British Joint Services Mission. The primary subject of consideration was the world situation in light of the outbreak of the Korean War. For documentation on these conversations, see volume III, pages 1654 ff.

Editorial Note

On July 24, 1950, Secretary of State Acheson appeared in executive session before the Senate Foreign Relations Committee. He discussed the world situation in light of the outbreak of the Korean War. For the record of his testimony, see *Reviews of the World Situation, 1949–1950: Hearings Held in Executive Session Before the Committee on Foreign Relations, United States Senate* (81st Cong., 1st and 2nd sessions), pages 313–337.

700.00(S)/7–2550

Memorandum of Conversation, by the Assistant Secretary of State for United Nations Affairs (Hickerson)

TOP SECRET

[WASHINGTON,] July 25, 1950.

The British Ambassador¹ asked to see me and came in at four o'clock this afternoon. He opened the conversation by asking me to read a telegram from the Foreign Office dated July 24. The telegram may be summarized as follows:

¹ Sir Oliver Franks.

The Foreign Office feels that the UK and the US Governments should be considering the possibility of Soviet or Soviet-inspired aggressive action in other places than Korea. The telegram mentioned two factors of importance in connection with a Soviet-inspired attack: (1) whether the USSR Representative was present in the Security Council and thus able to veto action, (2) the degree of help the UK, the US, and other free countries would in any case be ready and willing to afford the country attacked. The telegram went on to say that if such an attack occurred against a country the UK would feel compelled to assist to the full regardless of possible consequences, the UK should presumably give such aid under the aegis of a Security Council resolution (as in Korea) or, if vetoed, under Article 51.

The telegram continued that the real problem arose if there were aggression against a country which the UK was not prepared to aid to the full regardless of consequences (as, for example, Yugoslavia).

The telegram went on to say that if an attack occurred against Yugoslavia and unless strong action was taken by the Security Council as in the Korean case, the effect on the prestige of the United Nations might be disastrous and the whole effect of the prompt action by the Security Council in the Korean case irretrievably lost. It might then be said that the Korean case was not a genuine action but merely a US operation and that the UN had "burned its fingers in Korea and was now chary of taking similar action elsewhere".

The telegram continued that the Foreign Office felt that the US and the UK should consider the line the two countries should take in such a case in the Security Council or perhaps in the UN. The two countries might, in the light of the foregoing, feel that they should restrain the Security Council or the General Assembly. They might want to consider acting as a restraining influence on the Secretariat to keep it from "running ahead" of the UN. There might be a tendency on the part of the UN to regard Korea as a precedent which must be followed whenever aggression takes place.

After I had read the telegram the Ambassador said that he did not, of course, expect an immediate reply since I would obviously wish to consider this matter before discussing it in detail. He apologized for not having copied this top secret telegram and suggested that I make such notes as I wished, which I did.

I told the Ambassador that I would consider this matter, discuss it with some of my colleagues, and get in touch with him at a later date. I told him that the only comment I would make today was to draw his attention to the fact that the Security Council action in Korea was taken in two resolutions. The first one on June 25 found a breach of the peace, called on the aggressors to cease hostilities and to withdraw to their own territory, called on the UN Commission to observe the cease-fire and withdrawal, called on all members to give every assistance to the UN in the execution of the resolution and not to aid the aggressor. I pointed out that this resolution, taken within a few hours after the news of the attack took place, could have been

either a springboard for further action or the final action taken by the Security Council. Fortunately, the US Government decided that it would support and take military action and we thereupon introduced the resolution of June 27 recommending that all members give such military assistance as might be necessary to repel the attack and restore international peace and security in the area.

I suggested that this indicated a somewhat natural division we might take in action in future cases. I went on to say that the Security Council (or alternatively the GA), in my opinion, should make a finding of the breach of the peace and aggression, and take action generally along the lines of the June 25 resolution on Korea wherever aggression occurred. Further action might well depend on the country attacked and what the principal members of the free world were prepared to do about it.

I reminded the Ambassador that these were merely preliminary remarks and that after considering this matter further and conferring with my associates I would get in touch with him further.

JOHN D. HICKERSON

Policy Planning Staff Files

Memorandum by the Executive Secretary of the National Security Council (Lay) to the Ad Hoc Committee on NSC 68

TOP SECRET

WASHINGTON, July 28, 1950.

Subject: United States Objectives and Programs for National Security

References: A. NSC 68
B. NSC Action No. 321 ¹

At the 62nd Meeting of the National Security Council, the President made the following statement:

"The steps which we are now taking in the interests of our national security will have far-reaching effect upon the foreign, military, and domestic situation. I am therefore concerned that, despite our pre-occupation with the developments in Korea, we also attempt as best we can to project our plans and programs ahead for the next four or five years. Only by such future planning will the steps which we are taking follow an orderly sequence and lead to the eventual achievement of our objectives.

"Future planning of this nature was envisaged by Secretaries Acheson and Johnson in the report which I referred to the Council in April as NSC 68. Recommendations based on that report have, in my opinion, become more rather than less urgent since the Korean

¹ NSC Action No. 321 indicated that at its 62nd Meeting, July 27, the National Security Council noted the statement by President Truman made at that meeting and printed in the present document. (S/S-NSC Files: Lot 66D95: NSC Actions)

development. In view of this situation, as well as the need to be developing our 1952 budget plans beginning in September, I would like the Council to submit to me its response to NSC 68 not later than September 1st."

Accordingly, the President's directive establishing the deadline date of September 1st, is referred to the *Ad Hoc* Committee for appropriate action.

It is suggested that the *Ad Hoc* Committee on NSC 68 meet on Monday, July 31, at 2:30 p. m. to determine the most expeditious means of completing its response to the President's directive, for consideration by the National Security Council prior to September 1, 1950.

JAMES S. LAY, JR.

Editorial Note

On August 1, 1950, President Truman addressed a letter to the Speaker of the House of Representatives requesting that Congress approve a supplemental appropriation of \$4 billion for military assistance. Stating that "the Communist assault on the Republic of Korea has challenged the authority of the United Nations and jeopardized world peace," the President asked \$3,504,000,000 for the North Atlantic area; \$193 million for Greece, Turkey and Iran; and \$303 million for southern and eastern Asia. He emphasized the importance of swift Congressional action. For the text of the President's statement, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, pages 564-566, or *Department of State Bulletin*, August 14, 1950, pages 247-248.

Hearings on President Truman's request occurred on August 2 and 3 before a subcommittee of the House Appropriations Committee. Secretaries Acheson and Johnson, and Ohly and General Lemnitzer and others presented testimony. (*The Supplemental Appropriation Bill for 1951: Hearings Before a Subcommittee of the Committee on Appropriations of the United States House of Representatives* (81st Cong. 2nd sess.)). The President's request was also considered by the Senate Appropriations Committee (see *The Supplemental Appropriation Bill for 1951: Hearings Before the Committee on Appropriations of the United States Senate* (81st Cong., 2nd sess.)). Secretary Acheson's statement to the Committee, August 30, also appears in *Department of State Bulletin*, September 11, 1950, pages 437-438.

On September 22, following approval by the House, the Senate passed and sent to the White House H.R. 9526, the Supplemental Appropriation Act for FY 1951, which allocated \$4 billion to foreign

military assistance. The breakdown of funds among areas of the world corresponded with the President's request of August 1. President Truman signed the measure into law on September 27 (PL 81-843; 64 Stat. 1044).

Policy Planning Staff Files

*Memorandum by the Secretary of the Army (Pace), the Secretary of the Navy (Matthews), and the Secretary of the Air Force (Finletter) to the Secretary of Defense (Johnson)*¹

TOP SECRET

[WASHINGTON,] August 1, 1950.

Under date of July 31, 1950, you requested the views and recommendations of The Joint Secretaries on NSC 73/1 as a matter of priority.² The Joint Secretaries already had under preparation a memorandum covering a subject somewhat similar to NSC 73/1 which, with slight modifications, we submit herewith as responsive to your request as stated above.

1. The Joint Secretaries believe that the Korean incident has created a situation under which there must be an urgent and frank re-appraisal of the global position of the United States military potential. The geopolitical security of the United States requires diplomatic, psychological and military coordination of the highest order. There is no margin left. No additional commitments of United States support should be undertaken in the diplomatic field, nor should executive members of the United States Government make any statements or take any action from which may be implied a moral commitment on the part of the United States until such a re-appraisal is complete. Then, in light of such re-appraisal, re-examination of existing commitments and review of all possible moral commitments must be accomplished. Based on this re-examination and review, we must make clear through diplomatic and other channels the extent to which United States support may be expected. Having made such declarations, there should be no deviation therefrom until such time as world conditions moderate or the military potential of the United States is substantially increased.

2. In this connection it should be emphasized that the Korean incident has clearly revealed the new pattern of Soviet aggression and demonstrates that the Soviets have moved openly into the use of force through puppets in their attack on the non-Communist world. It is to

¹ Transmitted to Jessup and Nitze on a personal basis by Edward T. Dickinson, Assistant to the Joint Secretaries, on August 8.

² Secretary Johnson's request has not been found in the files of the Department of State. NSC 73/1, July 29, is not printed. For NSC 73, July 1, see p. 331; for NSC 73/4, August 25, see p. 375.

be recognized that the Soviet movement is monolithic. Satellite troops are just as much Soviet in this sense as if they were members of the Red Army. The use of satellitic force, however, provides a convenient cloak for Soviet activities and leaves the initiative in the hands of Moscow to associate or disassociate themselves from such use of force as it serves their own ends at any given time. Following this pattern, satellite thrusts are possible particularly in the following areas:

| | |
|------------|--------------------------------|
| Formosa | Hong Kong-Macao |
| Yugoslavia | Greece |
| Berlin | Trieste (if Yugoslavia falls) |
| Burma | Philippines (if Formosa falls) |
| Indo-China | Austria (if treaty signed) |
| Thailand | |

3. Should the Soviets use the device of satellitic force in any of the above quarters or elsewhere and thus attempt to destroy the leadership and dissipate the strength of the United States and the UN they might then feel confident that they could move, without interdiction or with relatively limited reaction, directly with Russian forces particularly in any of the following areas:

| | |
|------------------------------|-------------|
| Iran | Afghanistan |
| Saudi Arabia (if Iran falls) | |

And they conceivably might be emboldened to take greater risks by attacking

| | |
|--------|----------|
| Berlin | Japan |
| Turkey | Pakistan |

4. Furthermore, North Korean successes or any additional moves as mentioned above increase the possibilities of internal Communistic *coup d'etats* particularly in the following areas:

| | |
|--------------|-------------|
| Burma | Trieste |
| Formosa | Malaya |
| Thailand | Philippines |
| Indo-China | Berlin |
| Indonesia | India |
| Afghanistan | Pakistan |
| Iran | Italy |
| Iraq | France |
| Saudi Arabia | Austria |
| Yugoslavia | Iceland |

5. The magnitude of the more obvious "soft spots" is indicative of the impossibility of the United States undertaking alone the protection of the free world from Soviet aggression be it direct, satellitic or internal. In fact, we emphasize strongly that the situation in Korea is unique. There is no other place in the world—except those where

Allied troops are present—where we possess military strength in any way comparable to that which was available in Japan for use in Korea.

6. The question, therefore, arises as to what we as the United States Government can do. Our view is that we must not attempt to build up United States military power to defend all these areas where the Soviets in one guise or another might attack. We would badly dissipate our strength if we did so. What then remains to us? Here are some of the alternatives:

a. There might be a declaration by the President that we will not permit any further expansion by the Soviets or their satellites in these so-called “soft” areas. This seems to us to be an unsatisfactory step. In the first place, it is easy to get around by the *coup d'état* method (viz. Czechoslovakia): in the second place, it commits the United States to take on the Russians or their satellites if our challenge is met.

b. Another alternative might be to recommend to the United Nations—probably the Security Council—that it issue such a statement, warning the Soviets that a move in these areas would be regarded as an act of war and that the United Nations would call upon all member states to resist it with armed forces. This, too, seems to us to be unsatisfactory. It is dubious that we could count on all the other nations to go along with the United States at this point and if the Soviets use the satellitic or *coup d'état* method, there is doubt whether there would be general agreement among all the other nations that this was in fact Soviet aggression. For these reasons, the Joint Secretaries cannot convince themselves that this way of handling the situation would be satisfactory.

c. We do believe, however, that there is one thing that could be done by the United Nations, and that is this: The United Nations on the motion of, say, the United States could take cognizance of the fact that the Korean venture demonstrates that the Soviets have developed a new pattern in the use of force through their satellites. The United States statement could then go on to recommend to the Security Council that possibly the best way of defending specific areas from aggression by the Soviets or their satellites would be to establish a United Nations force in each country that might appeal for such protection under Article 35 of the UN Charter, forces which would be very small in number, composed of troops from various United Nations countries, including America, and which would be the counterpart of the thin line of khaki which runs across the dividing line between Eastern and Western Germany and which to date has been such a formidable barrier to the Soviet aggression. If such a force were in existence it would serve notice in the most effective way upon the Soviets that any crossing of these particular borders would bring down upon the Soviets all the strength of the nations whose forces were overrun and, indeed, probably most of the strength of the free world. This proposal, however, raises certain other questions, particularly if the Soviets should return to active participation in the United Nations. There is a serious question that the United Nations with the Soviets participating would create a United Nations force in view of the probability of Soviet veto. Alternatively, in the event that Soviet veto power is not used, it probably would be impossible to create a force without Soviet

and satellite troops being included. Under these circumstances, it is doubtful whether some of the nations which can be classified as "soft spots" would welcome the presence of such a United Nations force. Therefore, there should be available to countries appealing to the United Nations for assistance a provision that such a country could request assistance by submitting a list of nations whom they would consider friendly to their interests from which the United Nations might request token forces who would serve under the flag of the United Nations on the frontiers of that country.

In the event a veto prevented the above mentioned steps, it may be taken as presumptive evidence of possible intent to attack and resort may be had to collective self defense provisions of Article 51 and token forces provided by individual nations as above.

7. We cannot leave this question without pointing out the danger which in our opinion exists that a Soviet attack on Formosa, Okinawa, the Philippines or Japan might produce a situation where we alone were fighting the Soviets. No special United Nations action has committed the United Nations as such to the defense of these areas. There are, we understand, nothing but American troops in them with the exception of some minor Australian forces. We all know from personal experience how strong is the feeling for a third force in Europe, the urge toward a neutrality which would keep Europe out of any conflict between the two superpowers, Soviet Russia and the United States. Even in the United Kingdom this force has revealed itself on several occasions and we believe that, with the increase in Russian striking power and the demonstration of satellite strength in Korea, more and more will be the tendency of the Europeans to keep out of a conflict which they might feel would only result in their destruction as participants. For this reason we believe full recognition of the diplomatic difficulties of the problem is necessary. We think that steps should be taken to bring the new Far East line of Japan, Korea, Formosa, Okinawa and the Philippines under the United Nations legal umbrella. If and when we propose that the above areas be brought under the legal umbrella of the United Nations, we must recognize the possibility that the United Kingdom may wish to bring Hong Kong and Malaya under a similar umbrella, that France may request such action with respect to Indo-China and that Portugal may request protection for Macao. The United States Government therefore should predetermine its position with respect to such possible requests before taking action with respect to its own interests.

8. With the increased possibilities, due to recent developments, of *coup d'états* by Communistic forces in certain of the "soft spots", the necessity for an all-out psychological warfare effort on the part of the United States Government and an association of our Allies becomes even more urgent. We will discuss this problem in somewhat

more detail when we give you our reactions to NSC 74,³ but we should like to stress at this time the integrated nature of the problem and the urgent necessity for recognition of the fact that we have already been engaged in active psychological warfare with an enemy since 1946, if not before, and therefore, that any treatment of this problem as an "interim" or "intermediate" problem is not realistic.

9. The Joint Secretaries therefore recommend:

a. That the Secretary of Defense inform the other members of the National Security Council that United States military power is greatly limited as to availability in the event of incidents in other so-called "soft spots" of the world; that based on National Security Council study 73/1, further study be undertaken involving particularly the Joint Secretaries, Joint Chiefs of Staff and the State Department, (1) to re-appraise the global position of the United States military potential in view of present circumstances, (2) to re-examine existing commitments, actual and moral, that have been made by the United States Government in support of other nations, and (3) to prepare a policy paper delineating the limits of commitments that can be maintained and under what circumstances so that such information may, if desirable to the maintenance of United States prestige abroad, be communicated through diplomatic channels to the nations involved.

b. That the Secretary of Defense request the National Security Council to develop a policy bringing the United Nations into the active defense of the so-called "soft spots" of the world: that this be done by a United States recommendation to the Security Council of the United Nations for the establishment of small United Nations forces for utilization at the frontiers of the "soft spots" which appeal for protection against possible direct or satellite invasion or *coup d'état* tactics of the Soviets.

c. That it should be adopted as United States policy the placement of the defense of Japan, Formosa, Okinawa and the Philippines under the United Nations legal umbrella.

d. That the Secretary of Defense recommend to the President, through the National Security Council, that he direct as a matter of urgency the Secretaries of State and Defense to collaborate in carrying out the foregoing policies.

10. We recognize that this is a most serious subject, that the above suggestions are far-reaching. We therefore hold ourselves open to discuss the matter with you any time at your convenience.

[FRANK C. PACE, JR.] ⁴

Secretary of the Army

[FRANCIS P. MATTHEWS] ⁴

Secretary of the Navy

[THOMAS K. FINLETTER] ⁴

Secretary of the Air Force

³ NSC 74, "A Plan for National Psychological Warfare," July 10, 1950, a report submitted by the Department of State for NSC consideration, is not printed.

⁴ File copy not signed.

Policy Planning Staff Files

Memorandum by Mr. Carlton Savage, Member of the Policy Planning Staff, to Mr. Paul H. Nitze, Director of the Policy Planning Staff

TOP SECRET

[WASHINGTON,] August 3, 1950.

The attached paper concerning the conditions which might call for a U.S. declaration of war has a direct bearing on the questions of mobilization and execution of war plans. It seems to me that the subject is appropriate for consideration in connection with them.

The paper embodies suggestions made by George Kennan and he concurs in the conclusions and recommendations. The legal aspects of the paper were gone over by Mr. Yingling, a senior officer of "L", and it embodies some suggestions made by him.

C[ARLTON] S[AVAGE]

[Attachment]

*Draft Memorandum by Mr. Carlton Savage, Member of the Policy Planning Staff*¹

TOP SECRET

[WASHINGTON,] July 27, 1950.

POSSIBLE GENERALIZATION OF HOSTILITIES

With the possibility of the enlargement of hostilities in Korea and of the inauguration of hostilities elsewhere, there has been raised the question under what conditions a U.S. declaration of war would be called for. It is appropriate, therefore, to reexamine the implications of such an act.

In the two world wars of this century we have not "declared war", but the Congress by joint resolution has recognized that a state of war has been thrust upon us. Typical of these resolutions is the following of December 8, 1941:

"Whereas the Imperial Government of Japan has committed unprovoked acts of war against the Government and the people of the United States of America: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the state of war between the United States and the Imperial Government of Japan which has thus been thrust upon the United States is hereby formally declared; and the President is hereby authorized and directed to employ the entire naval and military forces of the United States and the resources of the government to carry on war against the Imperial Gov-

¹ A marginal notation on the source text indicated that copies of this document were distributed for consideration at the Policy Planning Staff meeting of September 28.

ernment of Japan; and, to bring the conflict to a successful termination, all of the resources of the country are hereby pledged by the Congress of the United States."

Two points should be noted in this resolution: (1) the initiative does not come from the United States;

(2) "all of the resources" of the United States are pledged to the successful termination of the conflict.

The state of war established by resolution is customarily terminated by peace treaty. There has been no peace treaty between the United States and Japan nor between the United States and Germany; a technical state of war exists with those countries, although the President has proclaimed the cessation of hostilities (see L memo attached.)²

The consequences of the declaration of a state of war are clear from the terms of the resolution. With its approval by the President, we start down a road from which there is no turning back. We pledge all our resources, human and material, to winning the war. We will to fight until one of the parties capitulates or there is a negotiated peace.

What would be the outcome if the United States entered into a state of war against the Soviet Union? While it is assumed that the Soviet Union could not now win a war against the United States, it is improbable that the United States could now fight a war against the Soviet Union to the point of the latter's unconditional surrender. This is recognized in NSC 20/4,³ which states that we should endeavor in such a war to accomplish our objectives "without a predetermined requirement for unconditional surrender". It should be a war of limited objectives, and one which might be terminated without a peace treaty.

With this in mind, and realizing that since it is not Communist practice to issue a declaration of war the initiative would have to come from us, we should use the device of recognition of a state of war only as a final resort. We should not thus generalize hostilities and restrict our freedom of action unless the Soviet Union affronts us in such a manner that no other course is possible, or unless we decide that a generalization of hostilities is in our National interest.

We should leave ourselves free to take limited military action against Soviet forces without a declaration, if this seems advisable. We have considerable maneuverability for this purpose.

The President's Proclamation of unlimited national emergency of May 27, 1941 is still in effect. In it the President (1) proclaims that

² The memorandum does not accompany the source text.

³ NSC 20/4, "U.S. Objectives with Respect to the USSR to Counter Soviet Threats to U.S. Security," a report by the National Security Council, November 23, 1948, is in *Foreign Relations*, 1948, vol. 1, Part 2, p. 662.

the emergency requires U.S. military, naval, air and civilian defenses be put on the basis of readiness to repel acts or threats of aggression directed toward the Western Hemisphere; (2) calls upon citizens engaged in production for defense to give precedence to the needs of the nation; (3) calls for cooperation to assure internal security; and (4) calls upon all "loyal citizens to place the nation's needs first in mind and in action to the end that we may mobilize and have ready for instant defensive use all of the physical powers, all of the moral strength and all of the material resources of this nation." There are also some hundred war-time statutes still in effect.

The United Nations Charter does not require the member nations to enter into a state of war in case of aggression, but merely to take such military action as is necessary to "maintain or to restore international peace and security," as is now being done in the case of the conflict in Korea. The Charter leaves each nation free to determine how it will carry out its obligations under the Charter. Consequently, it is a domestic matter whether we carry them out with or without a declaration of war.

The Atlantic Treaty is in effect a defensive military alliance, but it does not require the parties to enter into a state of war as did the Anglo-Japanese Alliance of 1902 and the United Nations Declaration of 1941. It merely provides that in case of an attack on one of the parties, the others will assist that party with appropriate action including the use of armed force. If Russia or a Russian satellite attacks one of the nations party to the Atlantic Treaty, our coming to its assistance would not necessarily call for a U.S. declaration of war. However, if there was a resultant generalization of hostilities, a declaration almost certainly would be required.

CONCLUSIONS

1. Extensive hostilities can be carried on by the United States without a formal declaration of a state of war.

2. Such a declaration should be made only when required by overwhelming National interest.

3. The National interest might require that we carry on limited hostilities against the military forces of the Soviet Union without a declaration.

RECOMMENDATION

The Secretary should discuss this matter with the President.

Editorial Note

At its 64th Meeting on August 10, 1950, the National Security Council agreed in principle that the port security program proposed

in document NSC 78, August 7, 1950 (which concluded that the chief presumed danger of unconventional attack against the harbors, territorial waters, and installations of the United States lay in the uncontrolled use of American ports by Soviet and Soviet satellite vessels), should be put into effect, subject to the working out of details between the departments and agencies concerned. On October 18, 1950, President Truman issued Executive Order 10173 (15 F.R. 7005) which instituted a program of port security closely following the recommendations of NSC 78. The text of NSC 78 and related papers are scheduled for publication in volume IV.

661.00/S-S50

Memorandum by the Counselor (Kennan) to the Secretary of State

TOP SECRET

[WASHINGTON,] August 8, 1950.

I thought it might be useful if at this juncture I were to make a round-up of Communist intentions, as far as they seem to me discernible on evidence now available.

1. The Soviet Communists did not launch the Korean operation as a first step in a world war or as the first of a series of local operations designed to drain U.S. strength in peripheral theaters. They simply wanted control of South Korea; saw what looked to them like a favorable set of circumstances in which to achieve it; feared that if they did not achieve it now, time might run out on them. They did not think it likely that we would intervene militarily, and thought that if we did try to intervene we would get there too late.

2. While there is no reason, as indicated above, to believe that the Soviet leaders desired a general military conflict at this time, that does not exclude the possibility that they might now consider it less likely that the early outbreak of such a conflict could be avoided. It is entirely possible that this may be their frame of mind at the moment; and it should be noted that in this case their behavior in the conduct of their affairs would be in large measure the same as though they themselves had deliberately decided to unleash a general war.

It may be asked, of course, how they could come to consider war probable though not desirable, when a few simple concessions on their part would suffice to remove the danger. The answer is that they are conscious of weaknesses in their own position which we, for one reason or another, ignore; and what appear to us as easy and cheap concessions on their part look to them like initial steps in a process which could easily lead to a crumbling of their entire structure of power.

3. In the face of our intervention, the Soviet leaders have naturally followed with most intense interest the subsequent course of military operations. They refrained from engaging air forces after our entry into the picture, probably because such air strength as they had assembled in the theater of operations was intended for support of the North Koreans against the South Koreans alone, and was neither sufficient (momentarily) nor expendable for operation against U.S. They have no doubt been surprised and impressed with ground successes of the North Koreans even in face of a total renunciation of the air arm on their own part and the consequent unlimited freedom of air operation on the part of their adversary. (This will quite probably affect their estimates of Soviet military capabilities in other areas.)

4. As North Korean forces approached the end of the peninsula, the Soviet leaders naturally envisaged the possibility that we would be driven out entirely. Their re-entry into U.N. was doubtless decided upon in light of this eventuality, since the period immediately following our ejection would obviously be the best moment to strike for a United Nations settlement which would bar our re-entry and thus seal the accomplishment of their purpose.

5. Nevertheless, they have been keenly aware of the converse possibility (namely, that we would *not* be forced out) and know that in this case several disturbing factors would arise from their point of view; notably:

(a) A great portion of North Korean strength was probably committed and expended in the initial effort to force us out; if this effort is unsuccessful, a period of exhaustion and depletion of reserve strength might ensue on the North Korean side, just as the U.N. forces were beginning to build up strength.

(b) The Kremlin, having expected to complete the Korean operation on special supplies stock-piled for the purpose and being unwilling to deplete to any appreciable extent the arsenals of the Far Eastern Red Army, may find itself in a relatively poor position to conduct a war of attrition at a point some 5,000 miles from Moscow.

(c) Communications for the North Korean army are presumably steadily deteriorating under our bombings.

The Kremlin leaders are therefore well aware that the military fortunes might easily soon be altered to their disfavor.

5. [*sic*] Furthermore, the Soviet leaders must be seriously worried over the proximity of the Korean fighting to their own borders and over the direct damage which can conceivably be done to their military interests by any extension of the area of hostilities. It is probable that their strategic interests in the Soviet Far East have already been directly affected by the destruction of industrial installations of military significance in North Korea. If our forces should begin to advance, it might become necessary for the Soviet command to draw on

the Far Eastern Red Army Air Force to an extent which they would consider undesirable and dangerous. Our reconnaissance flights and naval patrols in the neighborhood of the Northern borders of Korea will seem to them to involve the danger of revealing to us intelligence concerning the Port Arthur and Vladivostok areas to a highly undesirable degree. Finally, it must be to them an intensely humiliating and irritating experience to be obliged either to keep their naval forces out of areas which seem to them almost part of their territorial waters or, alternatively, to risk their being molested and destroyed by U.S. and other naval units.

7. In the light of this situation, it is quite probable that they are:

(a) About to bring in the Korean units, formerly operating with the Chinese Communist forces in South China, to participate in actual combat in South Korea;

(b) Introducing into North Korea their own puppet Chinese forces from Manchuria, to act as a first reserve defense buffer; and

(c) Preparing to re-occupy North Korea with their own Red Army forces, if necessary, to forestall any U.S. advance beyond the 38th Parallel. (Any further direct detriment to their Far Eastern military establishment which may result from hostilities in South Korea may be expected to hasten such re-entry.)

It is doubtful whether Mao wishes to commit any of his own forces to Korea, and there is no evidence that Moscow has reached any agreement with him envisaging such entry. This situation is of course subject to change at any moment.

8. As Bohlen emphasized when he was here, when the tide of battle begins to change, the Kremlin will not wait for us to reach the 38th Parallel before taking action. When we begin to have military successes, that will be the time to watch out. Anything may then happen—entry of Soviet forces, entry of Chinese Communist forces, new strike for U.N. settlement, or all three together.

9. The reported absence of the Japanese Communist leaders from Japan, taken in conjunction with depletion of our strength in Japan, with the inadequate state of the Japanese police, and with our paucity of information about internal developments in Japan, is disturbing. We should reckon with the possibility of the establishment at any time of a rival Japanese government in North Korea, and attempts at infiltration and subversion on a serious scale in Japan. (The number of Japanese prisoners-of-war remaining in Soviet hands is presumably great enough to provide personnel for such efforts.)

10. Evidence of Chinese Communist plans with respect to Formosa is inconclusive. Had we not reacted as we did on June 27, the communist forces would probably already have seized the island. In the circumstances, the Peiping leaders have plainly been vacillating.

Chances are somewhat less than 50-50 that they will make the attempt in the next six weeks (i.e., before the setting in of the southwest monsoons). If the attempt is not made within this period it will probably not be made at all at the present juncture. Nothing that has yet occurred gives us reason to believe (*a*) that the Nationalists *could not* hold the island with what they now have if determined to do so and well-led in the operation, or, on the other hand, (*b*) that they *would*, as things now stand actually, put up any appreciable resistance if Chinese Communist forces were to land on the island in sizeable strength. (This is not to say they will not fight; it is merely to say that nothing we now know gives us any assurance that they will.)

11. With respect to Indo-China, the Chinese Communists are now lending fairly large-scale assistance in the training, and to some extent the equipping, of new Viet Minh forces, who will presumably be moved across the border in time to participate in the intensified hostilities which are expected in the autumn of this year. There are no indications as yet that the Chinese Communists have any intention of introducing their own forces into the Indo-Chinese guerrilla war, and indeed this would raise delicate political problems for Peiping and Moscow and the Viet Minh, if it were to occur. However, there is fairly serious evidence that Chinese assistance short of this may soon assume much more serious proportion and even involve some show of Chinese force along the frontier.

12. With respect to Iran, the war of nerves will be carried on vigorously, possibly even to the point of a demand for Iranian assent to the re-entry of Soviet troops into northern Iran on the basis of the 1921 agreement. If the Iranian Government stands firm, refuses to give its assent, and makes it plain that an entry of Soviet forces in defiance of its wishes will be opposed by force of arms, it is not likely that the move will be attempted.

13. In the Balkans, evidence as to Soviet intentions is inconclusive. It is probable that at least until quite recently the Soviet leaders had themselves not made up their minds what to do in that area. An attack against either Turkey or Greece is not a promising undertaking, from their standpoint, as long as Tito remains recalcitrant and not militarily crushed. The position of Tito's Yugoslavia as an uncommitted, unpredictable and possible hostile force on the flank of their Balkan satellites would be uncomfortable for the Soviet leaders in the event of war in Europe; and it is possible that, convinced of the likelihood of an early outbreak of war, they consider it mandatory, as a measure of military precaution, to eliminate the political resistance to their power in Yugoslavia. Nevertheless, any attempt along these lines, whether launched exclusively with satellite forces or with Soviet forces, or with both, involves formidable risks and disadvantages from

their own standpoint, and they will not come lightly to such a decision.

14. In Germany, they will continue to try to build up armed strength in Eastern Germany and to provide it with a political and diplomatic framework (with respect to peace treaty, alliances with other satellite powers, etc.) which would place it in a suitable position to make trouble for the western powers, including eventually armed action by German units, along the Korean pattern. The recent instructions to West German Communists to oppose the occupying powers indicate that those communists are regarded as fully expendable, and that their contemplated role in the execution of Soviet plans for the extension of communist power to Western Germany is only a subsidiary one—the main burden being borne either by eventual armed attack from eastern Germany or, as Moscow continues to hope, by an aroused German nationalism, or a combination of the two.

15. Information on Soviet instructions to the western European communists indicates only a desire on Moscow's part to be ready for all contingencies. Moscow is particularly interested in a build-up of the sub-surface militant units of the western European communist parties to a point where they could play an important subsidiary role (by sabotage, civil disorder, seizure and temporary exercise of police authority, etc.) in the accomplishment of what would be the Soviet purpose in the event of war. This could be an indication of either direct offensive intentions or of a sharp anxiety lest general hostilities should break out in the near future. It is more likely to be the latter.

16. As far as general world strategy is concerned, the most likely pattern of Soviet intentions is the following:

The Soviet leaders would still like to avoid general hostilities and hope that their present purposes, namely the promotion of the security of their own power by the complete shattering of U.S. prestige and influence outside the North American continent and the subjugation of all of Eurasia to their own political will, can be achieved by means less risky, less costly, and less restricting on their own freedom of action. In particular, they are not attracted by the prospect (which looms so large in the minds of people elsewhere) of occupying all of Western Europe before they are able to crush U.S. industrial and military power; for they would thereby only place themselves in a position analogous to that of the Germans in 1942, and incur heavy responsibilities to which there would be no calculable satisfactory termination at any early date. They still recognize a possibility—in fact, a fairly strong possibility—that it will prove possible for them to make satisfactory progress in the accomplishment of their purposes by means short of general hostilities. In the light of recent events, however, they probably rate considerably lower than they did some months

ago the possibility of avoiding general hostilities. They are wise enough to recognize the cumulative tendencies in international complications and the great role of the unforeseen and the unintended in situations of extreme delicacy and instability. For this reason, they are no doubt preparing with intensified vigor and in every way for the contingency that general war might develop. This will be widely reflected in the evidences of their attitudes and operation, in the coming period. But they almost certainly wish at least to delay an outbreak of general hostilities, if the latter cannot be avoided; and they have not written off the possibility that general war may be avoided entirely.

This being the case, they will continue to conduct against us in the coming period the most intensive and savage type of political warfare, interspersing political, psychological, covert-subversive, and limited military means as may seem to them suitable and advisable. They will do this in the hope that if this attack is sufficiently successful it will obviate any necessity of a general war from their standpoint; but that if war cannot be avoided, it will put them in a better position both to conduct it militarily and to carry it to a political conclusion which they would regard as favorable.

The main accent of this political warfare will be laid on the exploitation of the major point of disunity evident in the non-communist world, namely the relationship of the non-communist powers to Communist China and to Asiatic problems in general. The Kremlin sees that the U.S. is encumbered (*a*) by strategic interests in Japan which the other non-communist powers share only in minor and varying degrees, and (*b*) by internal political inhibitions of the heaviest sort which make it impossible for it to compete on favorable terms for the exploitation of nationalist feeling in Asia or even to come to any real meeting of the minds with other important countries, notably the British and the Indians, on Asiatic matters. They will continue to drive at this weak point in the hope that we can be thus discredited with the peoples of Asia and isolated from the other non-communist powers; that our position in Japan and the Philippines, in particular, can thus be psychologically undermined; and that we can finally be placed before the choice of continuing to try to police Japan in the face of a violently hostile and aroused popular resistance or agreeing to a treaty of peace which will throw open the field for the pursuit of Soviet political purposes and the eventual integration of Japan, with its war potential, into the Soviet satellite area.

The Soviet leaders no doubt feel that they have good grounds to hope not only that this result can be achieved, but that our position

in Europe will by that time be so seriously undermined as to assure satisfactory progress in the accomplishment of Soviet global objectives even in the absence of general war. It suffices to point out that the ensuing train of events might logically be expected to lead to the break-up of the Atlantic Pact organization, the political defection of Germany, and the eventual strategic withdrawal of the U.S. from the European continent.

GEORGE F. KENNAN

661.00/8-1150: Telegram

The Ambassador in the Soviet Union (Kirk) to the Secretary of State

TOP SECRET

Moscow, August 11, 1950—4 p. m.

386. Despite the Korean conflict, plethora of subsequent rumors and an obvious increase in intensity of the war of nerves, none of the developments since April of this year seems to us to alter the Embassy's basic opinion that, although they are prepared to assume grave risks in the pursuit of their objectives, the Soviet leaders do not desire to engage themselves in global conflict in the near future. Their actions appear to indicate that they hope to make most effective use of their existing strength through championing world peace movements on the one hand and inflating a war scare on the other with a view to establishing a revolutionary situation on a world scale in which the military might of the USSR and its satellites could be either the critical element in a violent clash (war between the imperialist and anti-imperialist camps), or the power behind the throne for a grand *coup d'état*.

For victory by either method this dual policy of blandishment and threat must increase in intensity in order to achieve its purpose of isolating the US as much as possible from other capitalist governments and of isolating those capitalist governments that do cooperate with the US from their people. This process reached a certain crescendo with the outbreak of hostilities in Korea and the spurt in concentration on the Stockholm appeal signature campaign which accompanied it. Korea fits on what might be termed the left hand of this policy—demonstration of strength. The Berlin blockade, the Soviet walkout of UN, Soviet actions in the Baltic, the Soviet attitude on the Austrian treaty, and the Whitsunday demonstration are all part of this picture. These previous steps all created much tension and apprehension without entailing for the Soviets direct risk of military reaction such as might have developed over an attempt

to seize Berlin forcibly or dispose of Tito through overt military action. Korea was only a short step forward. It was a place where Soviet might could be impressively demonstrated and where the Soviet rulers had good reason to suppose that no effective military counteraction would be taken. At little risk they were playing for tremendous stakes in power-conscious Asia and in apprehensive Europe. Even so its repercussions were felt in India, Egypt and other sensitive spots that entertain doubts about the strength and unity of the western world vis-à-vis the USSR. Looking back it might have paid the Soviets to have made a greater expenditure to assist the Chinese in taking Formosa. This would have impressed Asia and have struck a heavy blow at the unity of the free world. This project cannot be undertaken now without large risk of involving themselves as well as China in a war with the US.

It is clear that the Soviets were prepared to follow up a quick complete victory in Korea with either another attack where there were adequate prospects for localizing the conflict or for a great display of saber rattling at sensitive points. Even though the latter can be conducted chiefly through the circulation of alarmist rumors, some shifting of troops along frontiers is helpful for both purposes. A decision as to whether to attack or rattle the saber indeed need not to have been made until world reaction to the developments in Korea became known.

It is unlikely the Soviets expected their action in Korea to meet with the united condemnation of 53 UN member states or to provoke a sharp speeding up of defense preparations on a scale calculated to cope with a major crisis rather than with the Korean situation alone. Thus instead of enjoying an increase in its relative politico-military position through this step the USSR has precipitated a reverse trend which will result in time working against it for the next few years. It must certainly now make some fresh calculations. The following appear prominent among the possible alternatives:

1. To undertake an immediate speed up in their own military mobilization and launch a broad attack in Europe in order to reap maximum advantage of their present military position. Aside from rumors circulating throughout the world and reported to us there is nothing discernible here to indicate they have taken this decision. Soviet propaganda continues to stress the defense aspect of the USSR's military might to the Soviet people and what military dispositions are known are largely of a defensive character. No urgent cause has been developed to pull the people into full support of an offensive move, which even such a dictatorship as this must consider essential. It is interesting that anger over Korea was allowed to sub-

side in favor of work[ing] harder for defense. Major changes are taking place in the organization of agricultural production which may be sources of future strength, but are causing some weakness and uncertainty at present. The same is true of the shake-ups in the fields of scientific theorization and research.

2. To touch off an outbreak of hostilities through a satellite on another scene, China or the Balkans, which might be localized, for a time at least, and cause a drain on the free world's resources and increase the strain on its solidarity. This course would entail great risk of Soviet involvement at a tempo unfavorable to the USSR. It would seem that slow but direct progress to a major clash which would allow the west to marshall preponderant military economic strength and guarantee security of all western Europe as now occurring temporarily, would be highly detrimental to attainment of long-term Soviet objectives.

3. To play down the military aspect of this policy and while continuing to champion the North Koreans and to clamor for peace, allow a settlement to work itself out in Korea over their protests perhaps and an atmosphere of relaxation to set in giving the huge military preparations in the west no place to go. This would offer the possibility of a return by the west to the uncertain position of quandary between expenditure of effort for defense or for economic progress while the USSR continues a steady growth of industrial military potential. This is a hard choice to make because it means an immediate if perhaps temporary loss of prestige among the people who respect power and success. However, this policy would permit the Soviets to consolidate their present empire further and to utilize their rather effective political and social weapons abroad even though they could not count on major political victories where power played the dominating role.

4. To continue to exploit the mystery of Soviet strength and keep the west heavily and uneconomically mobilized in the hopes that the economic burden will cause disaffection among the masses and make them defeatist and more receptive to Soviet peace blandishments. All economic and political controls in the direction of increasing western defense preparedness would be labelled as suppressive Fascist measures and as deterioration of individual welfare grew the appeal of Communism as well as peace would increase. Continuance of or intensification of the war of nerves as well as the peace movement, along with continuous experimentation with organizational methods for controlling the attitudes of the masses would be features of such a program. The magnitude of defense allocations made since the end of June as compared with that of Marshall Plan aid could lead the Soviet rulers to the belief that this course has promise.

Department pass London, Paris, Frankfort. Sent Department 386, repeated info London 93, Paris 84, Frankfort 58.

KIRK

661.00/8-2250

*Memorandum by the Ambassador at Large (Jessup) to the Deputy
Under Secretary of State for Political Affairs (Matthews)*

TOP SECRET

[WASHINGTON,] August 17, 1950.

Problem

To determine whether and, if so, when the U.S. should directly charge the Soviet Union with the responsibility for the acts of its satellites.

Discussion

This problem has been the subject of considerable discussion in the Department and also in the senior staff of the NSC. It has been discussed with specific reference to the Korean question and more broadly in terms of the examination of possible further aggressive Soviet moves.

Immediately after June 25 it was decided to avoid charging the Soviet Union with responsibility in order to give them an opportunity to "call off the dog" in Korea without much loss of prestige. In retrospect this seems to have been a wise decision. The consideration which inspired it at the time does not, however, seem to have as much validity under present circumstances.

It is argued that the injury to U.S. prestige caused by the military successes of the North Koreans might be mitigated, especially in Asian eyes, if responsibility were placed squarely and openly on the Soviet Union. We have moved in that direction through our statements in the Security Council but we have not yet openly and flatly charged the Soviet Union with responsibility.

On the factual side, it is clear to us that the Soviet Union is responsible. From the propaganda point of view a sufficiently clear case of responsibility could probably be made out. In anticipation of further aggressions by satellites elsewhere on the periphery or in Berlin, it is argued that it might have a deterrent effect if we announced in advance that we would hold the Soviets responsible for attacks by its satellites. On the other hand, it is argued that if we make such a charge we would have to do something about it.

I suggest that we may be unduly sensitive on this last point. The Soviets have charged us with aggression and seem to consider that a normal part of the war of words. I do not think that we have to go to war with the Soviet Union because we accuse them of aggression. On the other hand, an accusation not followed by action might weaken our position and the position of the U.N.

Consideration must also be given to the reactions of our allies if we accuse the Soviet Union. The familiar argument against increasing the tension would be strongly reiterated.

The above are only some of the arguments and considerations. While this paper is admittedly incomplete, it seems useful to circulate it in order that the making of decisions may be in train.

Recommendations

1. That we proceed along the present line in the Security Council progressively approaching the direct charge of Soviet responsibility without making it.

2. The direct charge of responsibility should be made if it appeared likely that the U.S. forces will suffer any further serious military reversal.

3. That a Departmental decision be reached on the broader question outlined in the foregoing discussion as a basis for the Secretary's discussions with Mr. Bevin and Mr. Schuman next month.¹

PHILIP C. JESSUP

¹ For documentation on the September tripartite foreign ministers meeting in New York, see vol. III, pp. 1108 ff.

661.00/8-2250

Memorandum by the Director of the Office of Eastern European Affairs (Yost) to the Assistant Secretary of State for European Affairs (Perkins)

TOP SECRET

[WASHINGTON,] August 22, 1950.

The underlying paper¹—to determine whether and, if so, when the U.S. should directly charge the Soviet Union with responsibility for the acts of its satellites—would seem to fall into two more or less distinct parts.

The first relates to such a charge in connection with the Korean aggression. Here the fact is that, while we have not directly charged the Soviets with this aggression, we have come very close to it and are obviously coming closer all the time. We are therefore in fact now carrying out the first recommendation in the paper.

Should there be another serious UN reverse in Korea we should probably, as a means of justification if for no other reason, wish to

¹ Jessup memorandum to Matthews, August 17, *supra*.

make even more clear than we have so far that North Korean success is due to Soviet training, equipment and military advice. It seems doubtful, however, that we would wish at that late date to come out with a direct accusation that the Soviets had initiated the North Korean aggression. The temper of the U.S. public under those conditions would already be more excited and, should we stimulate it in this way at that time, we might find ourselves under very heavy pressure to take action against the USSR for which we should neither be prepared ourselves nor be able to obtain the support of other UN members.

The second part of the underlying paper relates to our policy in case of a new aggression by a Soviet satellite. It is difficult to lay down a firm line without knowing the circumstances of such an aggression, but obviously important to work out our line in advance insofar as possible. I have personally never felt that the fact we might bluntly accuse the Soviets of responsibility for a satellite's aggression would provoke them into a more direct involvement than they had otherwise intended. They are too realistic to allow their policy to be governed by the character of our propaganda. On the other hand, the effect of such a direct accusation on our own policy and public opinion must be considered. We would presumably not wish to make the accusation in such terms and circumstances, e.g., in the UNSC, which would set in motion a chain of action which would be likely to go beyond what was consonant with our capabilities at the time. However, as long as the accusation were kept within a primarily propaganda framework, I do not believe we would need hesitate to state openly the facts which were generally known. On the contrary, I think there might be advantage in so doing since, insofar as we could pin the responsibility for aggression on the Kremlin, we would queer their whole propaganda pitch at home and abroad and to that extent weaken their position in wavering areas and hence possibly encourage a slightly more cautious strategy on their part.

While there is much to be said for such a frank approach in case of aggression by the European satellites, a similar attitude in case of aggression by Communist China would seem to raise more problems. Would it be to our advantage to claim that the USSR is responsible for a Chinese attack on Formosa, Indochina or Burma? There is clearly a good deal to be said on both sides of this question and it should be very carefully examined before a decision is taken.

Policy Planning Staff Files

*Memorandum of Conversation, by the Executive Secretary of the
National Security Council (Lay)*

TOP SECRET

WASHINGTON, August 23, 1950.

MEMORANDUM FOR THE NSC STAFF

Subject: Meeting With the *Ad Hoc* Committee on NSC 68, August 22, 1950Present: *Senior NSC Staff*

Mr. Jessup

Mr. Finletter

Mr. Smith ¹Mr. Glendinning ²(for Mr. Martin ³)Admiral Wooldridge ⁴

Admiral Hillenkoetter

Mr. Lay

Ad Hoc Committee

Mr. Nitze

General Spalding

Mr. Lanphier

Mr. Leahy ⁵

(for Mr. Haas)

Mr. Montague

Mr. Dearborn

Mr. Schaub

Mr. Cleveland ⁶

(for Mr. Bissell)

Mr. Gleason

*Others in Attendance*Mr. Keyserling, Chairman, Council of
Economic AdvisersMr. Murphy, Special Counsel to the
President

Mr. Hitch (Mr. Harriman's Staff)

Mr. Bishop (Department of State)

Mr. Macy (Bureau of the Budget)

¹ Robert J. Smith, Vice Chairman of the National Security Resources Board.² C. Dillon Glendinning, Deputy Director, Office of International Finance, Department of the Treasury.³ William McChesney Martin, Jr., Assistant Secretary of the Treasury in charge of the Office of International Finance.⁴ Rear Admiral E. T. Wooldridge, Deputy Director, Joint Staff, for Politico-Military Affairs.⁵ Thomas F. Leahy, Assistant Director, Office of Technical Staff, Department of the Treasury.⁶ Harlan Cleveland, Deputy to Administrator for Program, Economic Cooperation Administration.

The first issue discussed was the meaning of the term "utmost urgency" both with respect to the timing and the magnitude of the program. A two-page statement⁷ was presented on behalf of the *Ad Hoc* Committee defining this term. After considerable discussion it seemed generally agreed that the programs contemplated in the draft response would not accomplish the objectives set forth in NSC 68 with sufficient speed. General doubt was expressed as to the adequacy of the programs, and particularly of the military programs as set forth in the draft document.

The Chairman of the Council of Economic Advisers restated the views of the Council as to the impact upon the domestic economy, but pointed out that these views might require revision if the programs were very substantially increased.

Doubt was expressed as to whether realistic estimates could be projected beyond FY 1952, but it was noted that the effort to project the estimate through 1955 would be valuable even though these figures were highly tentative for the latter years.

As a result of the discussion it was agreed :

a. that the President should be asked to extend the September 1 deadline to September 15 (in which event the deadline for submission of the report to the Council would be September 9) ;

b. that emphasis should be placed on realistic cost estimates for FY 1951 and 1952 but an effort would be made to project the estimates through 1955 ;

c. that the Defense and JCS members would undertake to obtain revised military programs and cost estimates based upon a restatement of the military objectives of the build-up ;

d. that the *Ad Hoc* Committee should continue its work of perfecting the draft of the response, incorporating the new military programs and estimates when received.

JAMES S. LAY, JR.

⁷ Not printed.

S/S-NSC Files : Lot 63L351 : NSC 73 Series

*Report by the National Security Council*TOP SECRET
NSC 73/4

[WASHINGTON,] August 25, 1950.

NOTE BY THE EXECUTIVE SECRETARY TO THE NATIONAL SECURITY COUNCIL ON THE POSITION AND ACTIONS OF THE UNITED STATES WITH RESPECT TO POSSIBLE FURTHER SOVIET MOVES IN THE LIGHT OF THE KOREAN SITUATION

References: A. NSC 73 Series
B. NSC Actions Nos. 348,¹ 337,² 331,³ 315⁴ and 308b⁵
C. Memos for NSC from Executive Secretary, same subject dated August 9, 16 and 25, 1950⁶

The National Security Council and the Secretary of the Treasury at its 66th Meeting with the President presiding (NSC Action No. 348), considered a draft report on the subject (NSC 73/3)⁷ and adopted it subject to the deletion of sub-paragraphs 40a (2), (3), (4) and 40b, and sub-paragraph 44c as proposed by the Secretary of State, and the addition of new paragraphs 37c, 45 and 46 based on proposals by the Joint Chiefs of Staff.

The revised report enclosed herewith, adopted as a working guide with the understanding that final recommendations to the President regarding U.S. actions in the event of any of the contingencies envisaged therein would be deferred until it is established that the event is certain to occur, is circulated accordingly for the information of the National Security Council and the Secretary of the Treasury and referred to the NSC Staff for continuing study and recommendations regarding the contingencies envisaged therein.

¹ Action No. 348 indicated that at its 66th Meeting, August 24, the National Security Council adopted NSC 73/4 (NSC 73/3 as amended) and referred it to the NSC Staff "for continuing study and recommendations regarding the contingencies envisaged therein." (S/S-NSC Files: Lot 66D95: NSC Actions)

² Action No. 337 indicated that at its 64th Meeting, August 10, the National Security Council deferred action on draft report NSC 73/2, not printed, pending further study through the NSC Staff, and directed the Staff to expedite completion of the report. (S/S-NSC Files: Lot 66D95: NSC Actions)

³ Action No. 331 indicated that at its 63rd Meeting, August 3, the National Security Council referred draft report NSC 73/1, not printed, back to the NSC Staff for reconsideration in light of revisions proposed by the Joint Chiefs of Staff. (S/S-NSC Files: Lot 66D95: NSC Actions)

⁴ Action No. 315 indicated that at its 60th Meeting, July 6, the National Security Council noted and discussed a statement by the Chairman of the National Security Resources Board (S/S-NSC Files: Lot 66D95: NSC Actions). For text of the statement, see p. 338.

⁵ See footnote 1, p. 331.

⁶ None printed.

⁷ Not printed.

The revisions to NSC 73/3 as proposed by the Joint Chiefs of Staff and introduced at the Council meeting by the Chairman, JCS, are being circulated separately for the information of the Council by the reference memorandum of August 25, 1950.⁸

It is requested that special security precautions be taken in the handling of this report.

JAMES S. LAY, JR.

[Enclosure]

Report by the National Security Council

TOP SECRET

[WASHINGTON, August 25, 1950.]

THE POSITION AND ACTIONS OF THE UNITED STATES WITH RESPECT TO
POSSIBLE FURTHER SOVIET MOVES IN THE LIGHT OF THE KOREAN
SITUATION

THE PROBLEM

1. To estimate possible further Soviet moves and assess and appraise the position and actions of the United States with respect thereto in the light of the Korean situation.

ANALYSIS

Introduction

2. In determining our position and our actions in the present crisis we must bear in mind that the fundamental objective of the United States is to maintain the integrity and vitality of its free society and the measure of world order necessary thereto. This involves the willingness to fight for that objective if necessary. Although a global war has not necessarily begun in Korea and may not eventuate, the U.S. has nevertheless been engaged in a crucial struggle for some time involving political, economic and military factors. As the aggressor continues his policy of expansion, we must accept the possibility of local conflicts and must devise the right policies, diplomatic and military, to meet these aggressions. The military capabilities of the United States are not adequate to its current commitments and responsibilities. As a deterrent, and also in preparation for possible eventualities, the degree of our military readiness should therefore be increased as a matter of the utmost urgency. We should also by means short of war build up the military strength of the free world and step up the implementation of a political, economic, and psychological offensive against the USSR.

⁸ Not printed.

3. These actions which the United States with its allies should now be taking to regain the initiative, to deter further aggression, and to increase our ability to defeat aggression, are not included in this report, although their critical importance should not be overlooked. The present situation requires many such measures, some of which are now being undertaken. Others are under study and will be the subject of subsequent recommendations, including those which will flow from NSC 68. These measures should be taken regardless of future Soviet actions so long as the USSR retains its present capabilities and intentions to threaten the security of the United States.

General

4. It is a tenet of communism that war between communist and non-communist countries is inevitable. This conviction is a basic premise in the determination of Soviet policy, although history has shown that Russia can be influenced to delay action or retreat from local objectives if strongly opposed. The Kremlin is determined first to protect and to preserve its regime in Russia and second to promote world communism. The USSR is the implacable enemy of the United States and the non-communist world. Therefore, the degradation, weakening and ultimate destruction of the United States are essential to the attainment of the aims of the USSR.

5. In assessing the danger of further aggressive moves directed by the USSR, it is essential to take into account estimated Soviet military capabilities and, in so far as possible, to assess Soviet intentions. The USSR has the military capability to occupy any country on its periphery, to invade Western Europe and the Near and Middle East, to make direct attacks upon the United Kingdom and Alaska and upon shipping, and to reinforce the communist military effort in the Far East. The USSR also has the capability of initiating limited-scale air attacks on the United States and Canada. The USSR is not, however, believed to have at the present time the capability of preventing the United States from carrying out an atomic attack. On the other hand, the USSR may have the capability of reducing our industrial potential. The USSR, by provoking insurrections and satellite armed actions simultaneously on many fronts, and without openly committing its own forces, would confront the United States and its allies with the following alternatives: abandoning positions of vital political and strategic importance, committing and dissipating available strength on the many fronts chosen by the USSR, or undertaking global war.

6. Given these capabilities, which have existed for some time and are progressively increasing, an attempt must be made, in the light of

the Korean situation, to analyze and evaluate further possible short-range moves by the USSR. This is a short-term analysis which attempts to scan only a period two or three months ahead, although the long-range possibilities cannot be ignored.

7. The opening of hostilities in Korea could conceivably mean that the Kremlin intends to embark on any one or a combination of the following courses of action :

a. To initiate global war.

b. To employ Soviet forces, alone or with satellite forces, in isolated or piecemeal attacks against local and limited objectives, not designed to bring on global war.

c. To inspire further aggression using only satellite forces, but not using USSR armed forces.

d. To probe U.S. determination and military effectiveness.

Possibility of Global War

8. It has been our estimate that the Kremlin did not intend to engage in a major war and might be deterred from initiating such a war in the future if confronted with sufficient political, economic and military strength designed to force the retreat of Russian communism. This estimate has not necessarily been invalidated by the events of the past few weeks, which are consistent with the following interpretation :

a. In causing the attack to be launched in Korea, the Kremlin did not intend to bring about a global war and did not expect, although militarily prepared for, United States military involvement in Korea. The probable aim of the Kremlin was simply to gain control of the entire Korean peninsula and thus to strengthen materially its strategic position in Northern Asia with global political and military results.

b. The Kremlin seems to have calculated its moves with a view to keeping the responsibility of the Soviet Government unengaged and its own military forces uncommitted.

9. On the other hand, the events of the past few weeks could be interpreted as the first phase of a general Soviet plan for global war. Should the Kremlin in fact be desirous of or reconciled to a global war, of which the Korean situation is the first phase, the following considerations might govern its actions in the near future :

a. The Kremlin might be disposed to forego any action which it calculated would provoke global war until such time as the United States had reached the point of maximum diversion and attrition of its forces-in-being without involvement of the military forces of the Soviet Union, or until it had developed its atomic striking capabilities to the point which it deemed desirable for a general attack on the West. As long as we are being forced to commit ever greater increments of our forces-in-being in Korea, the Kremlin might not hasten

the outbreak of general hostilities since the USSR would be increasing its own capabilities as those of the U.S. diminished. This could change, however, at the point where the Kremlin estimated that our maximum weakness had been reached, and that further passage of time leading to the material strengthening of the relative position and military posture of the United States would not work to Soviet advantage.

b. The Kremlin might undertake immediate and simultaneous attack in all possible theatres of action.

c. Such attack could be accompanied or immediately followed by a direct attack upon the continent of North America, since a Soviet attack upon United States territory as well as upon its armed forces abroad is a Soviet capability.

d. In view of the advantages of surprise and of the desirability for an enemy of the United States to strike a serious blow at the North American industrial potential, the possibility must be constantly borne in mind that the Kremlin might now decide to initiate global war by a direct surprise attack upon the territory of the United States before taking the actions referred to in *a* or *b* above.

10. Global war could come in one of three ways: (*a*) by Soviet design; (*b*) by a progression of developments growing out of the present situation; or (*c*) by a miscalculation on the part of either the U.S. or the USSR. If there were evidence justifying the assumption of immediate global war by Soviet design, the only course for the United States would be full preparation at full speed. While not ruling out the possibility that global war is imminent, it is not *yet* a sufficient certainty to be the assumption on which U.S. action should be based. The present question is one of the degree of preparation we should undertake to improve our ability to meet any of the eventualities treated in this paper. Our efforts should be urgently directed toward preventing global war from developing and toward increasing our war capabilities.

Isolated Use of Soviet Forces Alone or With Satellite Forces to Achieve Local Objectives Not Designed To Bring on Global War

11. USSR action in regard to Korea, and its employment of satellite forces there, should be regarded not as an isolated phenomenon but possibly as part of a general plan which might involve correlated action in other parts of the world. A danger of direct commitment of Soviet forces is in Korea itself where actual conflict is in progress between the United States and a Soviet satellite. A successful repulse of the North Korean invasion would not merely restore the *status quo*. United States troops would be back in force in South Korea, and a build-up of military strength in certain of the non-communist areas of the Far East would have taken place.

12. The Kremlin might be prepared to accept in varying degrees the risks of a general conflict by launching local armed attacks in order to attain objectives regarded as of importance to the Soviet Union. Without automatically starting global war by attacking American troops or a country covered by the North Atlantic Treaty, the principal areas where actual Soviet forces could be employed for a local purpose are Iran, Turkey, Yugoslavia, Greece, Afghanistan, Pakistan, or Finland. In addition to any one or more of these local operations, the Soviets would still be capable of conducting with surprise important operations simultaneously in Germany and Austria, in the Near, Middle and Far East, and against the United Kingdom and the North American continent. Soviet forces are already deployed in sufficient strength to give them the military capability to act in many areas. The following specific comments apply to: Iran, Turkey, Greece, Yugoslavia, Finland, Afghanistan, and Pakistan.

a. In the case of Iran, it is possible but not probable that the Soviet Government would regard the risk of general war as relatively small while at the same time the acquisition of the Near Eastern oil fields and the consequent domination of the European economy which would result, and the reduction of a threat to the Baku oil region of the Soviet Union, are important Soviet objectives. Overt USSR attack on Iran would in fact give rise to the risk of global war.

b. In the case of Turkey, the control of the Turkish Straits and the approaches to the eastern Mediterranean represent very important military considerations from the point of view of Soviet defense as well as a traditional and deep-seated Russian objective. The denial of Soviet control of the Turkish Straits is vital to the security interests of the United States. Therefore, a direct USSR attack on Turkey would involve serious risk of precipitating global war.

c. In the case of Greece, the control of the Peloponnesus and the Greek Islands would present to the USSR very important military and political advantages. Geographically, Greece is a salient through the ring of non-communist states which enclose the Soviet hegemony, and its possession would provide to the USSR access to the Mediterranean Sea as well as a strategic position with respect to the Eastern Mediterranean, the Near East, and the Dardanelles. Direct USSR attack upon Greece would probably precipitate global war because of the political commitments and military and sentimental associations of the United Kingdom and the United States with Greece.

d. Re-establishment of Soviet control over Yugoslavia would bring definite military advantages to the USSR. At the same time, the Kremlin would have to weigh the political advantages of eliminating a dangerous source of communist heresy against the political disadvantages of a Soviet armed assault on a communist regime, which would tend to deepen rather than heal the disruptive effect of independent tendencies in the communist parties in the free world. Unless such an assault were quickly successful, the repercussions throughout the foreign communist parties would be harmful to the Kremlin's prestige and control of the international communist movement. Suc-

cess in Yugoslavia would enable the communists to renew guerrilla operations against Greece from Yugoslavia as well as from Bulgaria and Albania. Direct USSR attacks on Yugoslavia would include a risk of involving the Western Powers and might lead to global war.

e. Occupation of Finland, while completely within Soviet capabilities, would undoubtedly encounter fierce and continued Finnish guerrilla resistance, which might render Finland less useful to the USSR for the immediate future than the present state of Soviet-Finnish relations.

f. Afghanistan and Pakistan are of strategic value to the USSR because of their geographical position. Afghanistan could be occupied with little effort. An attack on Pakistan would require much more effort and would incur serious risk of global war because of Pakistan's membership in the British Commonwealth.

13. Unless the Kremlin is willing to accept global war it will not commit Soviet armed forces to action in Germany and Austria.

Soviet-Inspired Aggression Using Satellite Forces

14. The USSR might gain considerably from a policy of initiation of piecemeal attacks by present or created satellite forces against Yugoslavia, Iran, Greece, Turkey, or other states around the Soviet periphery. Further, it might be distinctly to the political and military advantage of the USSR to involve the allied nations progressively in conflict without a declaration of war on the part of the USSR or without commitment of its military forces. Such action might leave the allies with the alternative of fighting an undeclared war, or of being open to the charge of aggression by initiating a declaration of war. None of these areas is one in which the USSR particularly needs the advantage of surprise. Furthermore, the military and political capabilities of the USSR and its satellites are so great as to permit it to direct piecemeal action against isolated areas while still retaining the capability of strategic surprise. A progressive series of peace-meal attacks from the periphery of the USSR would confront the United States and its allies with the issue of global war.

15. It is presently estimated that Rumania, Bulgaria and Hungary, collectively do not possess the capabilities for a successful assault on Asiatic Turkey, although they could overrun portions of European Turkey. Even with military assistance and leadership from the USSR comparable to that provided the North Koreans, it is estimated that Rumania, Bulgaria and Hungary could not successfully attack Asiatic Turkey. A satellite attack on Yugoslavia is a possibility. A resumption of fighting in Greece is also a possibility.

16. The use of Polish and Czechoslovakian troops is always a military possibility in any action in Europe. However, withdrawal of large numbers of troops from Poland and Czechoslovakia might re-

quire the employment of other forces to maintain the present communist regime.

17. The use of the East German para-military forces against allied troops in Germany is another possibility. It is doubtful that this force would undertake a direct attack on any of the western zones. Such an attack could not easily be undertaken without directly involving the Soviet Union. If all or a large part of this force were sent into the western sectors of Berlin it might overcome the small forces of the western powers there. Such overt action by the East German police force would again be difficult without directly involving the Soviet military authorities. The East German forces might be useful to the Soviet Union in connection with a blockade of Berlin.

18. Further use of the Chinese communists, including the employment of organized Chinese communist forces against South Korea and Southeast Asia, is a strong possibility. They are the only satellite forces in Asia which could commit major acts of aggression. The Chinese communists are anxious to control Formosa (including the Pescadores) and have announced their determination to do so regardless of U.S. decisions or actions. While an early attack on Formosa is a continuing possibility, its success would be doubtful unless accompanied by a collapse of the Nationalist forces and regime. The United States is proceeding with steps designed to enhance the defensive capabilities of the Chinese Nationalists (NSC 37/10).⁹

19. Chinese communist attacks on the islands near China held by the Nationalists can be expected to continue.

20. Chinese communists, in addition to an attack on Formosa, have the military capability to enter directly the Korean war and to initiate military action against Indochina or Burma or Tibet. Any or all of these actions are possible. A move against Tibet may be expected.

21. Chinese communists have the military capability to capture Macao and Hong Kong. Civil disorder, subversion, and sabotage, appear to be the more likely actions, particularly in Hong Kong, since these could in all probability eventually achieve the objective without military involvement.

22. The capabilities of the Chinese communists outlined above contribute to the over-all capabilities of the USSR since any major military success by these forces in the Far East, with the consequent political results, adds security to the Soviet eastern flank and lessens

⁹ For text of NSC 37/10, "Immediate U.S. Courses of Action with Respect to Formosa," a statement prepared by the Secretaries of State and Defense based on recommendations by the Joint Chiefs of Staff, August 3, see vol. vi, p. 413.

the probability that the Soviet may have to fight on two fronts simultaneously.

23. Considerable numbers of Japanese prisoners remain under Soviet control and constitute a potential for infiltration of Japan should conditions in that country invite such action. The diversion of U.S. occupation forces from Japan to Korea, the lack of Japanese defense forces, and the inadequacy of Japanese police, present a dangerous situation which must be kept under review.

Probable Non-Military Moves by the USSR

24. The USSR will undoubtedly direct communist parties and stooge groups abroad to embarrass us in every conceivable way. Intensified communist subversive or revolutionary activity might fully engage local military resources throughout Asia, as well as involve additional United States and allied military resources.

25. The following examples will provide cases in point. Current conditions in Iran, though improving, still provide wide opportunities for subversive and communist infiltration, particularly for attempted seizure of the government by the communist-dominated Tudeh Party. In addition, guerrilla operations fostered by the Soviets might be successful in Azerbaijan. The testing of our firmness in other areas may take every form known to communist ingenuity. Provocations and annoyances may occur, even up to and including an attempt to reimpose the Berlin blockade or to blockade Vienna. If any weakness or hesitation on the part of the United States is encountered anywhere it will be instantaneously exploited by the communists to undermine confidence in and support of the United States everywhere.

26. In addition, the USSR may well seek to create division in the UN membership with respect to the police action in Korea by playing upon hopes of a peaceful settlement, creating the impression that major concessions to the UN position may be forthcoming, or even by offering such concessions in a context in which the USSR would gain substantial though perhaps not immediately obvious advantages if such a settlement were made. If the UN forces were to be dislodged from the peninsula the theme of accepting a *fait accompli* would certainly be played for all it is worth. It is also to be anticipated that the USSR will make every effort to exploit the division between the United States and other non-communist powers on the issue of Formosa. In general there will also no doubt be a continuance of the peace offensive designed both to divide the U.S. and its allies and to create in the latter domestic division between elements determined to resist Soviet aggression and elements which lack such determination. The

United States must also be alert to the possibilities of sabotage and subversion in this country.

CONCLUSIONS

PART I

Possible Further Soviet Moves in the Immediate Future

Possibility of Global War

27. Since 1945 the USSR has continued materially to increase its capability to wage global war. Even though there is no conclusive indication that the USSR intends to launch a global war at this time, the danger of Soviet resort to war, either deliberately or by miscalculation, may have been increased by the Korean war. Even an immediate solution of the Korean crisis would not obviate this danger.

Isolated Use of Soviet Forces Alone or With Satellite Forces To Achieve Local Objectives Not Designed To Bring on Global War

28. There is as yet no conclusive evidence that the Soviet Government has or has not decided to commit its forces, alone or with satellite forces, in isolated or piecemeal attacks against local and limited objectives, without intending to bring on global war. However, if a decision should be made to use USSR forces in this manner, action could be taken with varying degrees of risk in any of the following areas: Finland, Korea, the Near and Middle East, and the Balkans.

Soviet-Inspired Aggression Using Satellite Forces

29. Use of European and Asiatic satellite military forces against a variety of objectives is a possibility for the immediate future.

a. An immediate possibility is the use of Chinese communist forces in Korea and against Formosa. The prevention of an invasion of Formosa is primarily the responsibility of CINCFE employing the United States Seventh Fleet and appropriate air forces. The success of an early attack on Formosa would be doubtful unless accompanied by the collapse of the Nationalist forces and regime.

b. In addition, depending upon developments in the world situation, the USSR might inspire aggression by satellite forces against Western Germany (including Berlin), Austria, Yugoslavia, Greece, Turkey, Tibet, Burma, Indochina, Hong Kong, and Macao.

Probable Non-Military Moves by the USSR

30. We must also expect a variety of Soviet efforts to achieve victories by subversive action and tactical maneuvers in the "peace offensive" to keep us off balance, to divert our attention, to waste our resources, to test our firmness, and to split the free world.

PART II

*U.S. Actions To Counter Further Soviet Moves in the Immediate Future**General*

31. The Korean war is only an additional and more acute manifestation of the chronic world situation resulting from the Kremlin design for world domination through the international communist conspiracy. This situation requires many measures designed to enable the free world to regain the initiative, to deter further aggression, and to increase ability to defeat aggression if it occurs. Some of these measures are now being undertaken. Others are under study and will be the subject of subsequent recommendations, including those which will follow from NSC 68. These measures should be taken regardless of future Soviet action so long as the USSR retains its present capabilities and intention to threaten the security of the United States.

32. The United States should as rapidly as possible increase the build-up of its military and supporting strength in order to reach at the earliest possible time and maintain for as long as necessary a level of constant military readiness adequate to support U.S. foreign policy, to deter Soviet aggression, and to form the basis for fighting a global war should war prove unavoidable. The program for the increased military stature and preparedness of the U.S. should proceed without regard to possible temporary relaxation of international tension and without regard to isolated instances of aggression unless the latter provide evidence of the imminence of war, which would call for full preparation at full speed.

33. The United States should urgently press forward to obtain, through appropriate channels, knowledge or understandings as to the willingness of United Nations members to hold Russia responsible at a proper time within the structure of the United Nations, for satellite aggression.

34. Pending the fundamental policy decisions, now under study, on which U.S. action to meet further Soviet moves should be based, the United States should take the action set forth in the following paragraphs in response to such further Soviet or Soviet-inspired moves as may occur in the next two or three months.

USSR or Soviet-Inspired Aggression

35. In the event of an overt attack by organized USSR military forces against the territory or armed forces of the United States, the immediate action of the United States should be to react to the attack

in accordance with existing directives, and to proceed with full preparation at full speed to meet the situation created. In the event of any attack covered by the terms of the North Atlantic Treaty, which includes attack in Germany and Austria, the United States would respond in accordance with its obligations under that Treaty.

36. In case of other overt aggression by organized USSR military forces, or in case of further Soviet-inspired aggression in Europe, and depending upon the nature of the aggression and the country attacked, the United States in common prudence would have to proceed on the assumption that global war is probably imminent. Accordingly, recognizing that its response will vary with circumstances and should be subject to the specific consideration of detailed cases set forth in paragraph 37 below, the United States should immediately:

a. Make every effort in the light of the circumstances to localize the action, to stop the aggression by political measures and to ensure the unity of the free world if war nevertheless follows. These measures should include direct diplomatic action and resort to the United Nations with the objectives of:

(1) In the case of Soviet-inspired overt aggressions, accelerating measures to identify the true source of the aggression in order that at a time most advantageous to the United States, the Soviet Union itself could be exposed as the aggressor.

(2) Making clear to the world United States preference for a peaceful settlement and the conditions upon which the United States would, in concert with other members of the United Nations, accept such a settlement.

(3) Consulting with members of the United Nations regarding their willingness to join with the United States in military opposition, if necessary, to the aggression.

In addition, the United States should give consideration to the possibility of a direct approach to the highest Soviet leaders.

b. Consult with selected allies to perfect coordination of plans.

c. Place itself in the best possible position to meet the eventuality of global war, and therefore prepare to execute emergency war plans; but should, in so far as it has any choice, enter into full-scale hostilities only at the moment and in the manner most favorable to it in the light of the situation then existing.

d. While minimizing United States military commitments in areas of little strategic significance, take action with reference to the aggression to the extent and in the manner best contributing to the implementation of United States national war plans.

37. Specific immediate actions to be taken in general accordance with paragraph 36:

a. In the event of overt attack by organized USSR military forces against:

(1) *Finland or Afghanistan*: The United States should itself take no military action in these countries to oppose the aggression. The emphasis of the action taken would be placed upon political and psychological measures, which, in the case of Afghanistan would include efforts to induce Pakistan and India to take a leading role.

(2) *Yugoslavia*: The United States should implement existing policy (NSC 18/4)¹⁰ pending a review of that policy, with the purpose of denying to the USSR effective control of this country.

(3) *Greece or Turkey*: The United States should provide accelerated military assistance to Greece or Turkey and deploy such United States forces to the support of those countries as can be made available without jeopardizing United States national security. In the case of Turkey the United States should urge the United Kingdom and France to give full support under the Anglo-French-Turkish mutual assistance pact, and should make every effort to obtain the support of Turkey by the Moslem world including Pakistan.

(4) *Iran*: The United States should initially rely on the United Kingdom for principal responsibility to assist Iran in meeting the aggression, should endeavor to induce Pakistan and India to take a leading role, and should deploy such forces to the Near and Middle East and the Persian Gulf areas as can be made available without jeopardizing United States security or its ability to implement emergency war plans.

b. In the event of Soviet-inspired satellite aggression against *Yugoslavia* or *Greece*, the United States should take the same action as if the attack were directly by Soviet forces, as called for in subparagraphs (2) and (3) under *a.* above.

c. Germany. In the event of a major attack by East German paramilitary forces on Berlin or on West Germany, such attack should be resisted by Allied occupation forces.

38. In the event of any new single overt act of aggression by Soviet satellite armed forces in the Far East, the United States, subject to specific consideration of detailed cases set forth in paragraphs 39-41 below, should:

a. Attempt to localize the conflict.

b. Take all possible counter-measures short of seriously impairing the ability to execute emergency war plans.

c. Seek the support of its allies and take appropriate steps in the UN.

¹⁰ NSC 18/4, "U.S. Policy Toward the Conflict Between the USSR and Yugoslavia," a report approved by President Truman on November 18, 1949, is scheduled for publication in volume IV.

d. Concurrently recognize the increased strain on the fabric of world peace arising from a further act of aggression following on the Korean episode.

39. *Formosa.* Specific actions to be taken in general accordance with paragraph 38: In the event of a Chinese Communist attack on Formosa or the Pescadores, the United States should repel the assault in accordance with existing directives but should not permit itself to become engaged in a general war with Communist China. In any event, U.S. ground forces should not be committed on Formosa. In the event the Chinese Communists succeed in defeating the Chinese Nationalist forces, the United States, bearing in mind its desire to avoid general war with Communist China, should review the situation to determine its further action and to decide whether to cease all military operations against the Chinese Communists.

40. *Korea.* Specific actions to be taken in general accordance with paragraph 38:

a. In the event that North Korean forces, alone or plus such reinforcements as may covertly be brought into action, are powerful enough to compel the withdrawal of UN forces in Korea, the South Korean Government should be evacuated from the Korean mainland and established at an appropriate place in the area, if practicable.

b. In the event of the overt use of organized Chinese Communist forces in Korea:

“(1) The United States should not permit itself to become engaged in a general war with Communist China.

(2) As long as action by UN military forces now committed or planned for commitment in Korea offers a reasonable chance of successful resistance, such action should be continued and extended to include authority to take appropriate air and naval action outside Korea against Communist China. The latter action should be continued pending a review of U.S. military commitments in the light of conditions then existing to determine further U.S. courses of action.”

41. *Other Far Eastern Areas.* Specific actions to be taken in general accordance with paragraph 38:

a. In the event of Chinese communist aggression against Chinese inshore islands, Tibet, or Macao, the United States should take political action but would not expect to take military action.

b. If such aggression were directed against Burma, the United States acting through the British, should accelerate its assistance to that government and endeavor to induce states in the neighborhood of Burma to commit ground forces to resist the aggression.

c. If such aggression were directed against Hong Kong the United States should consider furnishing relief assistance to the British and such military assistance as may be appropriate in the light of our own military commitments and capabilities at that time.

d. In the event of overt attack by organized Chinese communist forces against Indochina, the United States should not permit itself to become engaged in a general war with Communist China but should, in concert with the U.K., support France and the associated states, and accelerate and expand the present military assistance program.

Non-Military Moves by the USSR

42. *Berlin Blockade.* In the event the USSR re-imposes the Berlin blockade, the United States should react at once since the maintenance of our position in Berlin is of great importance to the interests of the United States. The matter should be immediately referred to the United Nations. Although the re-establishment of the full-scale airlift would be militarily unsound and is impracticable under present conditions, a partial airlift should be established by the United States, the United Kingdom, and any other states able and willing to contribute pending the completion of a study now under way regarding the measures to be taken to meet such a situation.

43. *Vienna Blockade.* In the event the USSR should impose a blockade of Vienna, the establishment of a full-scale airlift would be militarily unsound and is impracticable under present conditions. The United States should implement existing policy (NSC 38/6)¹¹ to the extent feasible, utilizing a partial airlift to be established by the United States, the U.K. and any other nations able and willing to contribute.

44. *Iran.* In the event of internal subversion leading toward the establishment of a communist-dominated government in Iran, the United States should:

a. Accelerate its assistance to the legitimate Iranian Government.

b. Consider seeking an agreement in the UN on charging the USSR with direct responsibility for conditions in Iran.

45. While recognizing the importance of United States assistance and support of the United Nations, and while wholly supporting its aims and objectives, the United States cannot yet rely on the United Nations as the sole instrumentality for safeguarding essential United States security interests.

46. Before commitment is made for any action contemplated in this paper involving use of military forces the Department of Defense will be consulted for a last minute evaluation as to the military soundness of the decision in the light of the military commitments and capabilities existent at the time.

¹¹ Regarding NSC 38/6, "Future Courses of Action with Respect to Austria," a report approved by President Truman on May 5, 1950, see editorial note which is scheduled for publication in volume IV.

S/S-NSC Files : Lot 63D351 : NSC 79 Series

*Report to the National Security Council by the Secretary of Defense
(Johnson)*

TOP SECRET

WASHINGTON, August 25, 1950.

NSC 79

NOTE BY THE EXECUTIVE SECRETARY TO THE NATIONAL SECURITY COUNCIL ON UNITED STATES AND ALLIED WAR OBJECTIVES IN THE EVENT OF GLOBAL WAR

References: A. NSC 20/4¹
B. NSC 68²
C. NSC 73/4³

At the request of the Secretary of Defense, the enclosed memorandum by the Joint Chiefs of Staff on the subject is circulated herewith for the information of the National Security Council and the Secretary of the Treasury and referred to the NSC Staff for use in the preparation of a report for Council consideration.

In transmitting the enclosure the Secretary of Defense requested that action be initiated in the National Security Council as recommended by the Joint Chiefs of Staff to develop a clear-cut statement of the war objectives of the United States and that further action be taken leading to the adoption of a concerted statement of the war objectives of the United States and its allies, all in the eventuality of possible global war.

JAMES S. LAY, JR.

[Enclosure]

*Memorandum by the Joint Chiefs of Staff to the Secretary of Defense
(Johnson)*

TOP SECRET

WASHINGTON, 22 August 1950.

Subject: Statement of United States and Allied War Objectives in the Event of Global War.

1. The Joint Chiefs of Staff consider that, from the military point of view, there are certain compelling reasons for an early determination of clear-cut United States objectives in the event of war. Such a clear-cut statement of war objectives is necessary to serve as a basis for military planning, both prior to and during hostilities, in order

¹ For text, see *Foreign Relations*, 1948, vol. I, Part 2, p. 662.

² *Ante*, p. 234.

³ Of August 25, p. 375.

to provide that our military efforts are directed toward the winning of the ultimate peace as well as to the winning of the war. Such a statement would be of major military value, in the event of hostilities, in order to assure for the war effort that degree of popular support which is essential to the fighting spirit of military forces, regardless of their numbers. Further, a well considered statement of allied war objectives would be of importance in insuring that our military operations would be supported by the forces of our allies, as nearly as possible with the same determination as we would expect of our own forces.

2. An effective statement of war objectives should not only be so worded as to arouse the American people and our allies to concerted support of the war effort but should also be so expressed as to cause enemy dissidents to oppose the Kremlin actively as well as passively, and, if possible, to encourage defections among the people and military forces of the USSR.

3. Because they are so broadly worded and since they were intended for other purposes the statements of national objectives appearing in NSC 20/4 entitled "U.S. Objectives with Respect to the USSR to Counter Soviet Threats to U.S. Security" and in NSC 68 entitled "United States Objectives and Programs for National Security" and the study by the staffs of the Departments of State and Defense, dated 7 April 1950, fail to meet the above requirements. Further, it is believed that there exist no approved policies or studies which fill the requirement expressed in the two preceding paragraphs.

4. While the Joint Chiefs of Staff do not consider that a global war is necessarily imminent, they nevertheless feel that it would be of prime importance, were war to eventuate, for the United States and its allies to have available an agreed statement of their war objectives in time for its early use—certainly before possible results would be felt from the early heavy successes which are anticipated as being within the military capabilities of the USSR.

5. Accordingly, the Joint Chiefs of Staff recommend that action be initiated in the National Security Council to develop a clear-cut statement of the war objectives of the United States and that further action be taken leading to the adoption of a concerted statement of the war objectives of the United States and its allies, all in the eventuality of possible global war.

For the Joint Chiefs of Staff:

OMAR N. BRADLEY

Chairman

Joint Chiefs of Staff

Policy Planning Staff Files

Memorandum by the Ambassador at Large (Jessup) to the Director of the Policy Planning Staff (Nitze)

TOP SECRET

[WASHINGTON,] August 30, 1950.

Subject: NSC Senior Staff Consideration of NSC 79¹

The NSC Senior Staff considered NSC 79 this afternoon. Admiral Wooldridge explained what the Joint Chiefs of Staff had in mind in submitting NSC 79. The Joint Chiefs appear to have had a more limited objective than we had arrived at in this morning's meeting in S/P. Admiral Wooldridge addressed his remarks principally to the need for instilling in our own people in this country and among the people of our allies, as well as the dissident elements in Russia and the Satellite countries, some of the zeal and fanaticism that Nazis, Fascists and Communists display. He felt that a study should be undertaken to determine what it was that we lack and others had to make them fight for their objectives. He felt that we should have a program of concrete objectives to appeal to the man in the street at the outbreak of war which would cause him to rally to our side whether he was American or French, Czech or Indochinese. President Wilson's Fourteen Points had such a definite appeal, he recalled. He also pointed out that our studies should enable us to avoid *ad hoc* decisions taken on short notice like the decision for unconditional surrender. Admiral Wooldridge gave the impression that he was thinking principally in terms of a propaganda appeal based largely on studies of mass psychology and historical precedents to be undertaken by psychologists and historians rather than in terms of the immediate and long-range problems with which we were concerned in our meeting this morning. Admiral Wooldridge indicated that the Joint Chiefs of Staff were thinking of statements which could be used both on D-Day to inculcate zeal for victory and at the present time as a deterrent to war.

The ensuing discussion veered away from Admiral Wooldridge's proposal for psychological studies and came closer to the lines of thinking expressed in this morning's S/P meeting. It was recognized that we should emphasize the present need for steps to prevent the outbreak of war as well as the need for steps for winning the war. It was agreed that if war came we should be prepared in advance with our long-range war aims. All agreed that NSC 20/4² represented broad aims which were generally acceptable but which required spell-

¹ *Supra.*

² For text, see *Foreign Relations*, 1948, vol. I, Part 2, p. 662.

ing out. Mr. Finletter added that he could think of nothing more useful than stating the conditions upon which we would negotiate a peace settlement with the USSR. (Reference paragraph 36a(2) of NSC 73/4.³) He felt that this should be a preliminary step in any study that was to be undertaken and that these conditions for a negotiated settlement might be the same as the conditions which we would propose for a settlement after the outbreak of war but before partial or total defeat of the enemy.

We did not take up in detail the many problems connected with our war aims, nor did we consider the various stages of military progress to which specific war aims would have to be related. It was the consensus of the meeting, however, that thorough consideration of all these problems should be undertaken and that the first task of the group to be set up should be to consider the extent and purpose of the study to be made. It was agreed that the procedure followed in preparation of NSC 68 should be followed again and that a joint *ad hoc* group should be appointed by the Council. Mr. Lay is preparing a memorandum to the NSC reporting that NSC 79 is being considered by the senior staff, which has appointed an *ad hoc* group to make further studies and report to the staff. I believe that this procedure will leave the initiative with the Policy Planning Staff to undertake the study contemplated in this morning's meeting in S/P.

PHILIP C. JESSUP

³ *Ante*, p. 375.

700.5 MAP/9-150

*Notes of the Secretary of State for Congressional Hearings on the Mutual Defense Assistance Program*¹

SECRET

[WASHINGTON, undated.]

Formal statement filed. My own informal views.

Doubt whether we have ever really had a belly understanding of effect on Europe of World War II after World War I.

It was a devastation in all fields which amounted to a vast disappearance of power.

Plus disappearance of Germany and Japan.

—USSR & USA—

Too often Europe's trouble regarded here as mere excuse for asking for more than we found convenient to supply.

¹ On August 30, Secretary Acheson testified before the Senate Committee on Appropriations regarding supplemental appropriations for MDAP (see editorial note, p. 352).

Not that, in sense of our world position. Something far more somber.

It meant the removal of the barriers which through all our history from Queen Anne's Wars and French and Indian Wars, through Napoleon, Bismarck, World War I and II had stood between us and the immediate impact of whatever predatory force was loose in the world.

We are in the position of the individual who, for the first time, on the death of a parent, hears in a new way the roaring of the cataract.

At any rate, and make no mistake about it, we are now exposed without opportunity for time to teach us or shield us to the blows of fate.

In the past we were the reluctant ally to be wooed and won.

Today we either stand alone or we stand with friends. But in either case we stand together from the very first shot.

If that is not made clear *now* and clinched with unmistakable action, the somber truth is that we stand alone—outnumbered—out-resourced—with an unmanageable problem.

There is no need for this unless some blind folly possesses us. The free world wants us, trusts us, looks for leadership. Will fall in shoulder to shoulder as free and equal in the face of appalling danger.

But leadership requires understanding, responsibility, discipline. The flatulent bombast of our public utterances will lead no one but fools.

Very well—where do we start? From vast weakness in Europe, the Near East and Asia. I leave the USA out.

We have built greatly in Europe where our efforts were rightly centered. As strength grows there, it grows everywhere. Without it any other growth will wither.

When it became clear that the economic course would not and could not go forward without rebuilding military power before the foundations were laid, we resolved to

Greek-Turkish Aid
NATO
MDAP

We have held the line. Used money, arms, diplomacy, organization—all to gain time for the underlying strength.

It seemed sound to believe on what we could know and deduce that there was time to carry out a military rearmament program over enough years to keep the economic underpinning sound and not give entrance to communists by the back door.

It did not need too much time and the parties were eager and willing.

Then came Korea.

The profound lesson of Korea was not that we did not know about the attack before it came. No sensible person could expect that. (General analysis, if necessary, if intelligent.)

The profound lesson of Korea is that, contrary to every action preceding, the USSR took a step which risked—however remotely—general war.

No other action has done this—not even the Berlin Blockade.

There was no suggestion of an overt act anywhere.

Suppose, if you wish, and I do, that the Kremlin's best guess was that we would not pick up the glove.

Nevertheless, the risk was there. Neither the Kremlin nor any other Foreign Office acts without understanding that the off chance may occur.

Still they acted.

What this means in terms of programs.

What this means in MDAP.

How the Administration has responded to this all important *new* fact.

The basic relationships of military power. (Churchill's speech 7-8-9-10 to 1.)²

No need for panic, but many steps needed.

Among these a vast step up of [notes end at this point].

²Reference is to an address on defense policy by former Prime Minister Winston S. Churchill in the House of Commons on July 27. Churchill contrasted the military weakness of the West with the strength of Soviet forces. For text, see *Parliamentary Debates*, House of Commons, 5th series, vol. 478, cols. 699-714.

S/S Files : Lot 63D351 : NSC 68 Series

*Memorandum by the Chairman of the National Security Resources Board (Symington) to the Executive Secretary of the National Security Council (Lay)*¹

TOP SECRET

WASHINGTON, September 5, 1950.

For many years a group of determined men have been pushing with practical realism the religion of communism.

Over 30 years ago some of this group obtained control of one of the world's great nations—Russia.

Since then the most outstanding characteristics of their actions have been :

¹This memorandum was circulated to the members of the National Security Council by the Executive Secretary on September 6 for consideration in connection with the preparation of the response to NSC 68.

1. The extermination of anything which stood in their way toward their often declared objective— a world communist state.
2. The rapid advancement they have made toward their ultimate goal, as characterized by such developments as:

a. In the past 10 years, the communist or communist controlled peoples of the world have increased from some 188 million people to over 800 million people.

b. In nearly every country of importance in the world the communists now have a well organized, well trained, and militant minority which takes maximum advantage of the tolerance of democratic governments; this to the extent that the United States and other countries might be sabotaged at the start of a general war to the point where successful continuance of the conflict would be impossible.

c. Through clever, consistent, and determined propaganda, more people in the world may now well believe that communism is a better form of government for them than is democracy.

The Soviets have, outside their own country, millions of well trained men organized to fight the battle of communism. As a result, they can continue to bleed the democracies without committing their own troops.

The Soviets are steadily increasing the power of their own army, navy and air force, as well as their stock of atomic bombs and the equipment to deliver the latter. With relatively minor exceptions, everything would now seem to be going according to their schedule for world conquest. Attainment of an adequate stock of atomic bombs appears the only remaining requirement in their plan for world conquest.

To those who have followed these developments over recent years, the grave danger of the current world situation is all too apparent.

If Korea has taught us anything, it is that the peace loving democracies cannot afford to wait for additional Soviet aggression before mobilizing to meet that aggression. We must build, now, a defense sufficient not only to cope with other Koreas, but also one which can form the basis for an ultimatum to the Soviets that we will hold them responsible for, and subject to retaliation in case of additional aggression.

An analysis of the scope and character of the current United States military build-up, however, indicates a contemplated build-up that is not adequate to meet the present world situation, particularly when the United States, supposedly the strongest nation, is now with difficulty maintaining its position against Russia's weakest satellite.

Recently the Defense Department estimated that, for the next three fiscal years, the military elements of the national security program would require the following percentages of the country's supply of three basic materials:

| | <i>FY 1951</i> | <i>FY 1952</i> | <i>FY 1953</i> |
|------------------------------|--------------------|--------------------|--------------------|
| <i>Military Requirements</i> | <i>% of Supply</i> | <i>% of Supply</i> | <i>% of Supply</i> |
| Steel | 2.34 | 4.47 | 5.46 |
| Copper | 12.44 | 19.41 | 19.64 |
| Aluminum | 7.36 | 12.21 | 12.31 |

Some time earlier, estimates of requirements in the event of full mobilization were calculated by the military departments. These latest available figures, as received from the Department of Defense, follow :

| | <i>FY 1950</i> | <i>FY 1951</i> | <i>FY 1952</i> |
|------------------------------|--------------------|--------------------|--------------------|
| <i>Military Requirements</i> | <i>% of Supply</i> | <i>% of Supply</i> | <i>% of Supply</i> |
| Steel | 58 | 59 | 46 |
| Copper | 68.7 | 125.2 | 124.5 |
| Aluminum | 100.4 | 154.1 | 139.8 |

On the basis of our own figures, therefore, we are now embarking upon a build-up amounting to around 9% of what our most recently circulated plan regarded as essential for true mobilization.

In the first full year of World War II, 1942, about 31% of the nation's production was utilized for war purposes. Less than 8% of that production, including MDAP, is planned for 1951.

The Resources Board believes this current planning will result in a defense program that is inadequate to meet the current menace to the nation's security.

We believe that the current communist aggression in Korea, plus possible aggression against such other localities as Formosa, Indo-China, Japan, Iran, Turkey, Greece, Yugoslavia, Germany, and the United States itself, add up to a danger that is not being recognized by such piecemeal plans for preparedness.

The Resources Board recommends, therefore, that the National Security Council review the current and contemplated defense programs from the standpoint of their adequacy to afford as soon as possible the military strength to support simultaneously :

1. A winning effort in Korea.
2. Adequate continental defense of the United States.
3. A force-in-being sufficient to notify the Soviets that further communist aggression, either overt or through satellites, will result in the use of that force against Russia itself.

W. STUART SYMINGTON

Editorial Note

On September 11, 1950, Secretary of State Acheson discussed the world situation in executive session before the Senate Foreign Relations Committee; for the record of his testimony, see *Reviews of the*

World Situation, 1949-1950: Hearings Held in Executive Session Before the Committee on Foreign Relations, United States Senate (81st Cong., 1st and 2nd sessions), pages 339-366.

Editorial Note

During the period September 12-September 18, 1950, the Foreign Ministers of the United States, the United Kingdom, and France engaged in conversations in New York, discussing a wide range of problems of mutual concern. Subjects of a global nature and of direct relevance to the national security of the United States were among those receiving consideration. For documentation on the New York Foreign Ministers' meetings and related discussions, see volume III, pages 1108 ff.

611.00/9-2250

*Policy Record Guide Statement Prepared in the Department of State*¹

TOP SECRET

[WASHINGTON, September 22, 1950.]

MILITARY BASES

Policy: To acquire military rights in foreign territories that are urgently required by the JCS and other rights which are required or considered desirable. (PPS/56, 8-4-49²)

Action Taken:

1. We have engaged in detailed and generally successful negotiations with North Atlantic Treaty countries concerning the military facilities we desire in their territory under the Treaty, and the JCS have suggested the adoption of a standard mapping and charting agreement with friendly countries in order to facilitate these negotiations. The Secretary of Defense has also concurred in our view that in many cases the acquisition of facilities and privileges in NAT countries will depend on the completion of NATO plans, and has requested the JCS to take the necessary action to insure that NAT regional defense plans adequately reflect US requirements for military rights. (Memorandum to JCS from Secretary of Defense, 5-12-50³)

¹ This document was part of the September 1950 version of the Policy Record Guide prepared and updated periodically by the Executive Secretariat of the Department of State. The Policy Record Guide was intended as a brief memory aid and status report for the top officers of the Department and their assistants.

² PPS 56, "Progress Report on the Department's Study of 'Views of the Joint Chiefs of Staff on Military Rights in Foreign Territories,'" a report by the Policy Planning Staff, August 4, 1949. For text, see *Foreign Relations, 1949*, vol. I, p. 368.

³ Not printed; for documentation on the North Atlantic Treaty Organization, see vol. III, pp. 1 ff.

2. We have attempted to ensure the availability of military bases in Greenland to the US either unilaterally through extension of our 1941 Agreement or within the framework of the NAT. In the light of considerations raised by State, Defense has now restudied its requirements for defense facilities in Greenland and has requested negotiation of a base rights agreement with Denmark with certain additional concessions which they believe should be used to extract an agreement from the Danes which would allow the quick reentry of US forces and the reestablishment of US military installations whenever the US deems necessary. (Letter to the Under Secretary from General Allen, Office of the Secretary of Defense, 2-9-50 ⁴)

3. The President has approved the recommendations of the Canadian-US Permanent Joint Board on Defense on modifications of the 1941 Leased Bases Agreement respecting Newfoundland. We have assured the Canadians that Canada would be consulted in advance with regard to any proposed US service activities to be undertaken outside the leased areas. (PJBD Minutes and Recommendations; Memo to President from Secretary, 8-1-50; Letter to Secretary of Defense from Under Secretary, 8-3-50 ⁵)

4. In lieu of an Australian offer of joint bases at Manus Island and elsewhere in Australian territory, Defense considers it desirable that US ships and aircraft be permitted use of Australian bases when and as the occasion arises with the bases remaining under Australian control. Reciprocity for Australian ships and aircraft in US bases also is considered desirable. (Letter to Secretary from Secretary of Defense, 8-2-50 ⁴)

5. Ibn Saud ⁶ has granted our request for an extension of the Dhahran Airbase Agreement to February 1, 1951. In making the request, we expressed our intention to open negotiations for a long-term agreement when circumstances permit. The Defense Department has now proposed a reimbursable military assistance program for Saudi Arabia pertaining to military equipment and material totaling approximately \$75 million. While this program has been scaled down from the Joint US Survey Group to Saudi Arabia proposals, Defense feels that it should be modified upward if such action should be instrumental in securing long-term base rights for the US at the Dhahran Airbase. (Deptel 164 to Jidda, 5-10-50; Jidda's 308, 5-22-50, and 321, 5-25-50; letter to Secretary from Secretary of Defense, 8-11-50 ⁷)

⁴ Not printed.

⁵ None printed.

⁶ Abdul Aziz ibn Saud, King of Saudi Arabia.

⁷ Documentation on United States relations with Saudi Arabia, including material on the question of bases, is scheduled for publication in volume v.

S/S-NSC Files : Lot 63D351 : NSC 68 Series

*Report to the National Security Council by the Executive
Secretary (Lay)*

TOP SECRET
NSC 68/2

WASHINGTON, September 30, 1950.

NOTE BY THE EXECUTIVE SECRETARY TO THE NATIONAL SECURITY COUNCIL ON UNITED STATES OBJECTIVES AND PROGRAMS FOR NATIONAL SECURITY

References: A. NSC Action No. 361 ¹
B. NSC 68; ² NSC 68/1; Annexes to NSC 68/1 ³
C. NSC 20/4 ⁴

At the 68th Council meeting, with the President presiding (NSC Action No. 361), the National Security Council, the Secretary of the Treasury, the Secretary of Commerce, the Acting Economic Cooperation Administrator, the Director, Bureau of the Budget, and the Chairman, Council of Economic Advisers, considered draft reports on "United States Objectives and Programs for National Security" (NSC 68 and NSC 68/1), and:

a. Adopted the Conclusions of NSC 68 as a statement of policy to be followed over the next four or five years, and agreed that the implementing programs will be put into effect as rapidly as feasible, with the understanding that the specific nature and estimated costs of these programs will be decided as they are more firmly developed.

b. Deferred action on NSC 68/1 pending a revision of that report to be prepared by the NSC Staff for Council consideration not later than November 15, 1950.

c. Noted the President's instructions that there should be no public discussion of this program, and specifically no public quotation of figures, until the appropriate time as determined by the President.

The President has this date approved the Conclusions of NSC 68 as a statement of policy to be followed over the next four or five years, and directed their implementation by all appropriate executive departments and agencies of the U.S. Government.

Accordingly, the Conclusions of NSC 68 are circulated herewith for appropriate action.⁵

JAMES S. LAY, JR.

¹ The substance of NSC Action No. 361 is contained in the present report.

² *Ante*, p. 234.

³ NSC 68/1, "United States Objectives and Programs for National Security," a report to the National Security Council by the Executive Secretary, September 21, and its annexes, are not printed. For revisions thereof, see NSC 68/3 and its annexes, December 8 (extracts), pp. 425 and 432, respectively, and NSC 68/4, December 14, p. 467.

⁴ See footnote 3, p. 359.

⁵ The enclosure consists of the conclusions of NSC 68, April 14, p. 234, with a small number of minor variations in form.

Secretary's Memoranda : Lot 53D444

Memorandum of Conversation, by the Secretary of State

SECRET

[WASHINGTON,] October 10, 1950.

I discussed with Mr. Lovett ¹ work which he is doing on NSC 68/1.² He confirms the fear that procurement has been lagging and that energetic steps must be and are being taken to activate it. He also agrees that in revising the figures we should put stress on the greatest possible production of these important items of combat equipment prior to the middle of '52.

¹ Robert A. Lovett, Deputy Secretary of Defense.

² See footnote 3, p. 400.

Editorial Note

United States-United Kingdom political-military conversations occurred in Washington during October 1950. As in the case of the July discussions (see the first editorial note, page 349), the United States principals were General Bradley and Ambassador Jessup while the United Kingdom was represented by Ambassador Franks and Lord Tedder. For the approved summary of conclusions and agreements reached at a meeting of the United States and United Kingdom Chiefs of Staff, October 23, the United States delegation minutes of a political-military session of October 26, and other documentation on the conversations, see volume III, pages 1686 ff.

S/S-NSC Files : Lot 63D351 : NSC 90 Series

Report to the National Security Council by the Executive Secretary

SECRET

WASHINGTON, October 26, 1950.

NSC 90

NOTE BY THE EXECUTIVE SECRETARY TO THE NATIONAL SECURITY
COUNCIL ON COLLABORATION WITH FRIENDLY GOVERNMENTS ON
OPERATIONS AGAINST GUERRILLAS

The enclosed memorandum by the Secretary of State on the subject is circulated herewith for the information of the National Security Council and the Secretary of the Treasury and, as recommended

therein, is referred to the Senior NSC Staff for use in the preparation of a report.

JAMES S. LAY, JR.

[Enclosure]

*Memorandum by the Secretary of State to the Executive Secretary of
the National Security Council (Lay)*

SECRET

WASHINGTON, October 26, 1950.

Subject: Proposed NSC Staff Study on Collaboration with Friendly Governments on Operations Against Guerrillas.¹

During the last few years there have been a number of instances in which communist skill in utilizing guerrilla forces and tactics has been apparent. This was true in Greece and is at present notably the case in Indochina, in Malaya, and in the Philippines. Examples in Korea, and elsewhere could also be cited. While there has been a certain amount of exchanges of views between military representatives, as in the case of the British and French in Southeast Asia, it does not appear that an organized effort has been made to pool information, skills and techniques among the friendly nations who have a common interest in defeating this kind of activity. It is to be anticipated that the international communist movement will continue to utilize similar tactics in the future. We have recognized the need for a cooperative defense on formal military lines in the North Atlantic Treaty area. We have also begun coordination of information and propaganda activities particularly with the British and French both in Europe and in Asia. It would seem appropriate and important to extend the scope of such cooperation to meet the problem of the most effective means of anti-guerrilla warfare, mobilizing the experience gained in jungle fighting during the war, in operations in Greece, in Korea, Malaya and elsewhere, as well as taking into account the successes and failures of both political and military action, or inaction, in the field of anti-guerrilla activity.

Accordingly, I recommend that the NSC Senior Staff arrange for a study of this matter and submit a report on it for the consideration of the Council. The report might include a brief statement of the problem from the military point of view as well as indicating the most

¹ In a memorandum to the Secretary of State, October 24, Ambassador at Large Philip C. Jessup, Department of State Representative on the Senior Staff of the National Security Council, suggested that the Senior Staff be directed to prepare a study on this subject (S/S-NSC Files: Lot 63D351: NSC 90 Series).

desirable and effective means for bringing about the desired collaboration. In this connection, attention would need to be paid to possible political sensibilities of the governments whose collaboration is sought. It would be desirable also to indicate how many governments should be approached, for example, whether Burma and Indonesia should be included.

It should be noted that no part of the foregoing recommendation is concerned with the field of special political operations, which presumably could provide useful assistance and support in the areas concerned, inasmuch as it is understood that adequate means already exist for the exchange of information in that field.

DEAN ACHESON

S/S-NSC Files : Lot 63D351 : NSC 68 Series

Memorandum by the Executive Secretary of the National Security Council (Lay)

TOP SECRET

WASHINGTON, November 14, 1950.

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

Subject: United States Objectives and Programs for National Security

References: A. NSC 68 Series
B. NSC Action No. 361 ¹

With respect to the revision of NSC 68/1 ² pursuant to NSC Action No. 361, previously scheduled for completion on November 15, the President has now directed:

a. Submission to the National Security Council by the Secretary of Defense not later than Monday, November 20, 1950, of a revision of Annex 1 of NSC 68/1, containing a description of the military programs under NSC 68/2, ³ including tentative cost estimates and the planning assumptions upon which the program is based, for discussion by the National Security Council at a special meeting on Wednesday, November 22.

b. Submission by the National Security Council to the President, not later than December 15, of a revision of NSC 68/1 in its entirety.

JAMES S. LAY, JR.

¹ For substance, see NSC 68/2, September 30, p. 400.

² Not printed, but see footnote 3, *ibid.*

³ *Ante, ibid.*

*Memorandum by the Director of the Policy Planning Staff (Nitze)
to the Secretary of State*

[WASHINGTON,] November 14, 1950.

MR. SECRETARY: The Policy Planning Staff has given a great deal of time and thought to the attached document. It would be very helpful to us if, after you have had a chance to read it, you could find a few minutes to give the Staff your reactions.¹

[Annex]

Draft Study Prepared by the Policy Planning Staff

[Extract]

[WASHINGTON,] November 10, 1950.

ANNEX VIII

NSC 68/1

THE STRATEGY OF FREEDOM²

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¹The source text bears the following marginal notation by Secretary of State Acheson: "I have read all of this with great interest."

² The Annexes of NSC 68/1, September 21, are not printed. The revisions thereof, the annexes of NSC 68/3, December 8, appear on p. 432. NSC 68/1 was accompanied by 10 annexes, including Annex 8, "Long-Term Political and Economic Framework," prepared by the Economic Cooperation Administration and the Council of Economic Advisers. Annex 8 indicated that a section titled "Political" was under study by the Department of State. The present draft presumably was intended to serve as that "political" section.

Neither Annex 8, "Long-Term Political and Economic Framework," nor a revision of it, was among the annexes accompanying NSC 68/3, the annexes to which received National Security Council and Presidential approval on December 14.

⁸The page numbers listed below refer to the source text.

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INTRODUCTION

The effort called forth to realize the hope for a peaceful resolution of the world crisis and to provide a basis for victory if such hope fails requires, in the words of NSC 68—

. . . political and economic measures with which and the military shield behind which the free world can work to frustrate the Kremlin design . . . by the steady development of the moral and material strength of the free world and its projection into the Soviet world in such a way as to bring about an internal change in the Soviet system. . . .

Again as stated in NSC 68, the requirements must

. . . include a plan for negotiation with the Soviet Union, developed and agreed with our Allies and . . . consonant with our objectives.

The purpose of this annex is to set forth the political and economic measures entailed in this great undertaking. The military requirements are dealt with elsewhere. The political and economic elements are premised on the assumption of adequacy in scope and timing of

the aspects of the effort related to the military shield. A second assumption is that the hope to avoid general war will be realized. It is within the Kremlin's power to confound such hope. Should it do so, other patterns of action would apply. This paper is not intended to be a presentation of them.

The principle pervading the issues is freedom. The hopes of frustrating the Kremlin design are centered in the strategy of freedom—the term used here to indicate the political and economic lines of action required. This strategy calls for the creation and maintenance of strength at the center, with accompanying action:

1. To stimulate recognition of and effective resistance to Soviet imperial ambitions and actions, in all their forms.
2. To secure reliable allies whose strength, effectively organized and combined with our own, will deter—or, if necessary, defeat—Soviet aggression.
3. To win and hold popular support among all peoples for our objectives of an international order in which peace and freedom will be secure.
4. To make steady progress in the development and strengthening of the collective institutions necessary to the maintenance of peace and freedom and the advancement of human welfare.
5. To foster social and economic conditions which will assist in achieving the foregoing objectives.
6. To reduce the opportunities for and dangers of local revolutions and disturbances which would be adverse to our position and to encourage local revolutionary situations and disturbances when and if legitimate popular and national aspirations would be fulfilled and the Soviet position would thereby be weakened without offsetting disadvantages to our own.
7. By all such steps, to establish the base essential to a process of accommodation and adjustment by the Soviet Union, recorded from time to time in the negotiation of agreements corresponding to the relative decline in the capabilities of the Soviet Union.

In pursuing these political and economic lines of action, we must act always in the light of the historical forces at work, the circumstances of the present, and the predictable future. It is not possible to blueprint a comprehensive course of action far ahead. We must expect the unexpected—both favorable opportunities which can be exploited and unfavorable turns which must be countered. We must, therefore, equip ourselves to act or react promptly, decisively, imaginatively. What can be provided is a compass and a direction but not a map of the terrain ahead. The political and economic framework set out is, therefore, not a pattern of action and decision for the next five years but a guide. It will need to be revised continuously, and should at no stage be regarded as a definitive statement of how we will proceed with the tasks ahead.

This analysis is divided into four sections: the first relating to the basic nature of the situation—the source and nature of the difficulties; the second relating to the precepts which must be applied in the strategy of freedom; the third concerning problems relating to particular channels of international collaboration; and the fourth concerning the problems touching directly upon relations with the Kremlin system.

[Here follows the body of the report—78 pages.]

700.5 MAP/11-1650

*Memorandum Prepared in the Department of State*¹

SECRET

[WASHINGTON, undated.]

LEGISLATION FOR FOREIGN AID PROGRAMS

THE PROBLEM

It is assumed that the following programs of foreign grant aid will be recommended by the President to the next Congress: (a) continuation of military and economic aid to NAT countries and participating ERP countries, (b) a program for the Philippines in line with the Bell Report,² (c) continuation of the STEM programs in South East Asia,³ (d) continued aid to Formosa, (e) rehabilitation aid for Korea through the United Nations, (f) aid to Iran and other Middle Eastern States along the lines of the STEM programs, (g) special program of aid to India, Pakistan and Ceylon, (h) continuation of the IIAA and technical assistance in Latin America,⁴ (i) technical assistance in Africa either through ERP (in Dependent Overseas Territories) or through Point Four activities, (j) grants to the United Nations for technical assistance, and (k) aid to Palestine refugees through the United Nations. (Aid for Yugoslavia presumably will be authorized at the present session of Congress.)

In addition to the above there will be some military assistance programs outside Europe as well as possible loans or grants from funds available for the development of the production of critical defense materials.

¹ Transmitted by Carlisle H. Humelsine, Deputy Under Secretary of State for Administration, to Under Secretary of State Webb on November 16.

² For documentation on the United States Economic Survey Mission to the Philippines, July–September 1950, headed by Daniel W. Bell, see vol. VI, pp. 1399 ff.

³ For documentation on assistance to Southeast Asia in connection with Special Technical and Economic Missions to various areas, see Vol. VI, pp. 1 ff.

⁴ For documentation on U.S. policy regarding economic and technical assistance to the other American republics, see vol. II, pp. 672 ff.

The problem of developing a logical and comprehensive approach to all of these programs with regard to the type of legislation, the theory of justification and the responsibility for organizing their presentation to Congress, is the subject of this paper.

RECOMMENDATIONS

1. That the Administration present its foreign grant aid requests as one total program for building a strong, free world and seek to have all such aid authorized in one bill; that we propose the bill contain the following titles:

Title I—Global aid in the form of end-use military items together with economic assistance for all European countries, Turkey and Formosa. (Alternatively, a portion of the economic aid for Europe, primarily for Austria, Greece, Italy and Germany, could be requested in a separate title to be made available under existing ERP legislation, or *all* economic aid for European countries, Turkey and Formosa could be placed in one title with a separate title for military end items.)

Title II—Aid for underdeveloped areas (including Point Four, the Philippine program, STEM programs in Southeast Asia, aid for India, Pakistan and Ceylon, STEM-type programs in the Middle East, European dependent overseas territories programs, and programs for the development of production of strategic materials).

Title III—Aid for Korea.

Title IV—Aid for Palestine refugees.

2. That the appropriations authorized under the bill set forth in Recommendation 1 be made to the President with the understanding that the allocations for specific programs would be made by the President upon the recommendation of the Secretary of State, who would consult with interested agencies.

3. That the responsibility for organizing the development and presentation of these programs to Congress be placed upon the State Department (with the full participation and support of ECA, Defense and other interested agencies).

4. That responsibility within the Department of State for carrying out the above recommendations be immediately assigned.

Now more than ever it is vital that in approaching Congress we give them a complete story of what we are trying to do on a global basis and why we are trying to do it. Each part of our legislative program must be related to our over-all objectives. All of the aid programs mentioned above fall under the objective of strengthening the free world. They make sense only when considered together. Each part can be more easily attacked than can the whole program. Not only in presentation but in the Congressional debates it is vital that the totality of our program be debated at one time. Therefore, it is highly desirable that all of the grant aid programs be put in one piece of legislation. Furthermore, separate pieces of legislation would lose the administra-

tive flexibility and mobility of funds which should be achieved through legislation and appropriations covering as broad areas as possible.

It is unlikely, however, that Congress would enact one set of provisions or grant one lump sum appropriation for so broad a variety of activities. It seems necessary, therefore, to present the programs under several titles (as few as possible) in the bill.

The broad objective of strengthening the free world as approached with two related but separable types of program. Our emphasis in Europe and a few other countries is primarily to help build military strength. Our emphasis in most other areas is to help achieve economic progress as a basis for the maintenance of stable and friendly governments. It seems desirable, therefore, if it is feasible, to deal with the European problem in one title. We have been furnishing three kinds of assistance to these areas, (a) military end items, (b) economic aid in support of the military effort abroad, (c) aid to achieve European economic recovery. The advantages of combining all of these types of aid in one title are as follows. (1) Congress is more likely to be sympathetic toward a program based upon military security than one in which part of the justification is based on continued economic recovery. (2) The three types of assistance are in effect closely inter-related. Maximum flexibility is needed between funds available for procuring U.S. manufactured end-use items and for the production of such items abroad. The distinction between aid in support of foreign military effort abroad and aid for economic recovery is largely artificial. If part of the economic aid were put in a separate appropriation under the label "recovery" and used primarily for certain countries where the military effort was slight in relationship to the amount of aid required those countries might feel it reflected an attitude on our part that their military effort or strategic positions were relatively unimportant.

There are several reasons for requesting part of the funds needed under the old ERP legislation. It would be hard to justify to Congress the amount of aid needed for Austria, Germany, Greece and probably Italy on the basis of the military effort of those countries. Furthermore, the abandonment of the ERP at this stage might be interpreted abroad as indicating a lack of interest on our part in their welfare and internal stability and a resolve to sacrifice these objectives in order to build up a fighting force in our own defense. It might in fact be difficult to give sufficient weight to the purely economic objectives which we have heretofore been pursuing under legislation designed primarily to support a defense program. Probable additional support for the EPU and other important economic objectives might have to be sacrificed.

A third alternative might be the proposal of one title for military end items and another for all forms of economic assistance to the NATO and ERP countries. This would have the advantage of permitting one logical justification of the amounts requested without an artificial distinction between types of economic aid and would at least to some extent minimize the purely military character of the aid. It would, however, hamper transferability between economic aid for production of military end items abroad and for procurement of U.S. end items (unless broad transferability provisions could be inserted in the legislation). It might also cause confusion in Congress to establish a new category of aid when existing legislation and previous discussions have firmly implanted the two concepts of military support and economic recovery. It also presents the danger that many existing conditions and restrictions attached to the ERP legislation would be placed on the aid in support of the military effort abroad.

All of the other programs are for the purpose of aiding in the development of economically underdeveloped areas. With the exception of the two programs (Korea and Palestine refugees) which are to be conducted under U.N. auspices and which will need special legislative justifications and legislative provisions, it seems desirable to place these programs in one title of the bill. All of the programs have common political and economic objectives. In general they center around the development of agriculture, transportation and light industry and improvement in health and basic education. They all have a large element of technical assistance. They must be closely related to activities for the stimulation of international private investment and for public loans. Common legislative policies and provisions should be applicable to them all. It is difficult to discuss such a program in one country or area before Congressional committees without immediately being questioned about similar programs in other areas. The problem of the underdeveloped areas has already been considered as a whole in connection with public discussions on Point Four and it is treated as such in the report of Mr. Gordon Gray.⁵ Furthermore, maximum flexibility of funds between countries and areas is desirable. A strictly regional approach to these aid programs would have unfortunate political repercussions in countries or regions which felt that their programs were small in comparison with those in other regions. It would be difficult to justify continuation of a separate Point Four program in the vast area of the world between the Philippines and the shores of the Mediterranean for which other programs containing so many similar elements are proposed. Appropriations under the

⁵ For documentation on the report on foreign economic problems by Gordon Gray, Special Assistant to the President, see pp. S31 ff.

existing Point Four legislation in such a case would have to be justified as applying practically to Latin America alone. It, therefore, seems desirable to merge the existing Point Four program with those proposed for the Philippines, the continuation of STEM programs in South East Asia, the program for India, Pakistan and Ceylon and for STEM type programs in Iran and other areas of the Middle East. The programs now being conducted by the ECA in Dependent Overseas Territories of the ERP participating countries are of a similar nature with similar objectives. They, too, should be covered under the same title.

The merging of all programs for underdeveloped areas in one title should in no way restrict a full discussion before Congress of the problems in each country and region and any special strategic importance which they may have to us.

The proposed programs for the Philippines and for India and Pakistan (and perhaps Ceylon) contain a considerable amount of heavy capital investment items. It seems doubtful if Congress would accept programs of this magnitude on a grant basis as a general or continuing type of aid in support of economic development. The programs in these particular countries, therefore, should be justified as requiring, temporarily, additional capital items on a grant basis on the ground that in these particular countries rapid deterioration with consequent political repercussions will take place unless food production and certain other economic activities can be greatly expanded during the next few years. These countries are not in a position at this time to borrow the necessary funds and their strategic position makes it vital for us to go beyond the general type of program which is proposed for underdeveloped areas. The fact that these are specially justified would also tend to ease the political repercussions which might occur in other underdeveloped areas which were not recipients of grant funds for capital purposes. It may be desirable or necessary to have the programs for these countries put into a separate section of the "underdeveloped area title" or alternatively to have some limitation on the total amount available for underdeveloped areas which could be used for large capital items. The problem of definition is a serious one in this regard and further study would need to be given to it.

Because of the fact that the program for Korea and for Palestine refugees involve contributions to the United Nations and consequent special legislative provisions it seems doubtful if Congress would be willing to include funds for them in a general underdeveloped areas title. Each of these programs, therefore, should be included in a separate title.

The legislation should authorize appropriations to the President rather than to any particular agency or agencies of the Government.

In the case of the first title of the bill the Department of Defense and ECA are both involved as "operating agencies". Furthermore, the pattern of an appropriation to the President with responsibility for general direction and the allocation of funds by the Secretary of State has already been established under the MDAP. In the case of the underdeveloped areas programs funds would presumably be allocated to the ECA, the IIAA, the United Nations (for technical assistance) and possibly other agencies. Maximum flexibility is desirable. Although it is not assumed that the State Department will act as an operating agency in the conduct of these programs it is essential that it maintain effective control over the amount to be allocated and the general nature of the programs. These matters are a significant part of our foreign policy. In the case of programs for underdeveloped areas, as pointed out in the Gray Report technical assistance, public loans and efforts to stimulate private investment as well as grants for supplies must all be closely coordinated. No other agency is in a position to exercise such coordination.

It has been demonstrated that the State Department cannot fulfill these functions on a purely liaison basis. It must have control over the funds and approval of the specific programs to be undertaken. It should, of course, exercise this responsibility in full consultation with other interested agencies in the Government and it is assumed that inter-departmental machinery for discussing major problems would be established. The same type of relationships as have been proposed for the Director of Security and Assistance in connection with the Military Security Program⁶ might be applied in the case of the programs for underdeveloped areas.

Even though the State Department does not itself "operate" the foreign assistance programs it seems essential that it take the lead in organizing the presentation to Congress and justifying the programs. The programs will be approved by Congress only if it is convinced that they will help attain essential foreign policy objectives of this country. The basic responsibility for justifying the existence of the programs and their general character and scope must be carried by the State Department since they must be related to our broad security and political objectives. Furthermore no other single agency of the Government is in a position to speak in connection with all aspects of these programs. Although the full support and participation of ECA, Defense and the other agencies should be sought, the principal responsibility for organizing the presentation of the programs should be assumed by the State Department.

⁶ Regarding new interdepartmental organizational arrangements in the areas of international security affairs and foreign assistance, see memorandum of understanding, December 19, p. 484.

Action should be immediately taken to fix responsibility in the Department of State for the organization of the presentation to Congress. Time is exceedingly short. The functions involved are developing figures on the size of the programs, drafting legislation, developing justifications, presenting the programs to the Bureau of the Budget, conducting preliminary discussions with Congressional leaders and presenting testimony before Congressional committees.

A number of areas in the Department are concerned. H, E, A and LE are involved in all the programs. In addition EUR and SDMA [S/MDA] are primarily concerned in Title I. TCA, NEA, ARA, FE and UNA are concerned in the underdeveloped areas title. UNA and FE are concerned in the Korean title. UNA and NEA are concerned in the Palestine refugee title. It is suggested, therefore, that a task force be established under the leadership of a designated person or office for each title. These task forces would, of course, work in full cooperation with other interested agencies and solicit their help and support. It would seem desirable to place upon one official overall responsibility for coordinating the whole effort.

Policy Planning Staff Files

*Memorandum by the Special Assistant for Intelligence (Armstrong)
to the Secretary of State and the Under Secretary of State (Webb)*

TOP SECRET

[WASHINGTON,] November 17, 1950.

Subject: National Intelligence Estimate No. 3: Soviet Capabilities and Intentions.

This national estimate is a condensation of the estimate prepared by the US and UK intelligence teams last month, with only two changes of substance. These changes are additions (page 2, para. 10; page 23, para. 63, third and following sentences) based upon General Smith's statement to the NSC stemming from the Korean situation;¹ they embody no significant departure from the US-UK estimate.

It is the intention of General Smith, with the Intelligence Advisory Committee, to keep this estimate under continual review as well as to prepare particular estimates bearing on immediate situations, both general and local, which have a bearing on the over-all intentions and capabilities.

W. PARK ARMSTRONG, JR.

¹ For text of the statement under reference, presented by Walter Bedell Smith, Director of the Central Intelligence Agency, at the 71st Meeting of the National Security Council, November 9, see vol. VII, p. 1122.

[Annex]

National Intelligence Estimate

[Extract]

TOP SECRET

[WASHINGTON,] 15 November 1950.

NIE-3

SOVIET CAPABILITIES AND INTENTIONS

THE PROBLEM

1. To estimate Soviet capabilities and intentions with particular reference to the date at which the USSR might be prepared to engage in a general war.

CONCLUSIONS

2. The Soviet rulers are simultaneously motivated by Marxist-Leninist-Stalinist doctrine and by considerations related to the position of the Soviet Union as a world power. Their *ultimate objective* is to establish a Communist world controlled by themselves or their successors. However, their immediate concerns, all consistent with that objective, are:

a. To maintain the control of the Kremlin over the peoples of the Soviet Union.

b. To strengthen the economic and military position and defend the territory of the Soviet Union.

c. To consolidate control over the European and Asian satellites (including Communist China).

d. To make secure the strategic approaches to the Soviet Union, and to prevent the establishment, in Europe and Asia, of forces capable of threatening the Soviet position.

e. To eliminate US influence in Europe and Asia.

f. To establish Soviet domination over Europe and Asia.

g. To weaken and disintegrate the non-Soviet world generally, especially to undermine the power and influence of the US.

The Soviet Union will try to pursue these immediate objectives simultaneously. In case of conflict between one and another of these objectives, however, it may be expected that the Soviet rulers will attach greater importance to the first four listed, and in that order.

3. Inasmuch as the Soviet *ultimate objective* is immutable and dynamic, the Soviet Union will continue relentlessly its aggressive pressures on the non-Soviet world, particularly on the power position of the Western nations. Consequently there is, and will continue to be, grave danger of war between the USSR and its satellites, on the one hand, and the US and its allies on the other.

4. The Soviet rulers could achieve and are achieving the first three of their immediate objectives (para. 2 *a*, *b*, and *c*) without risk of involvement in armed conflict with the United States.

5. Their remaining immediate objectives (para. 2 *d, e, f, and g*) are improbable of achievement without resort to armed force, although there are still factors in the situation which might well lead the Soviet rulers to suppose that, in favorable circumstances, they might eventually achieve these objectives without the use of Soviet forces.

6. In pressing to achieve these latter objectives the Soviet rulers will inevitably impinge upon vital interests of the Western Powers and thus incur the risk of involvement in a general war through Western reaction.

7. In the belief that their object cannot be fully attained without a general war with the Western Powers, the Soviet rulers may deliberately provoke such a war at the time when, in their opinion, the relative strength of the USSR is at its maximum. It is estimated that such a period will exist from now through 1954,* with the peak of Soviet strength relative to the Western Powers being reached about 1952.†

8. From the point of view of military forces and economic potential, the Soviet Union is in a position to conduct a general war now (i.e., at least to conduct the campaigns listed in paragraphs 66–68, p. 10), if the Soviet rulers should consider it desirable or expedient to do so.

9. Intelligence is lacking to permit a valid prediction as to whether or when the USSR would actually resort deliberately to a general war. It must be recognized, however, that a grave danger of general war exists now, and will exist hereafter whenever the Soviet rulers may elect to take action which threatens the vital interests of the Western Powers.

10. Specifically with respect to the Korean situation, to date there is insufficient evidence to indicate that the USSR intends to commit Soviet forces overtly in Korea. However, the commitment of Chinese Communist forces, with Soviet material aid, indicates that the USSR considers the Korean situation of sufficient importance to warrant the risk of general war. The probability is that the Soviet Union considers that the US will not launch a general war over Chinese Communist intervention in North Korea and the reaction thereto. The principal risk of general war is through the exercise of Soviet initiative which the Kremlin continues to hold. The probability is that the Soviet Government has not yet made a decision directly to launch a general war over the Korean-Chinese situation. There is a good chance that they will not in the immediate future take such a

*1954 is assumed to be the date by which North Atlantic Treaty forces in Europe will have been built up to such strength that they could withstand the initial shock of Soviet attack and by which the gap between the military strength of the Western Powers and that of the USSR will have begun to close. [Footnote in the source text.]

†After the USSR has made good certain important deficiencies in atomic bomb stockpile and in certain types of aircraft and before the Western economy has been fully geared for a war effort. [Footnote in the source text.]

decision. At what point they *will* take a decision to launch a general war is not now determinable by Intelligence.

Note: The foregoing paragraphs (7-10) represent the best conclusions that can be reached on the basis of the information available at this time. The problem of whether and when the USSR may resort deliberately to general war is under continuing consideration and will be the subject of future reports as pertinent information is developed.

[Here follows the body of the report.]

S/S-NSC Files : Lot 63D351 : NSC 68 Series

*Memorandum by the Deputy Secretary of Defense (Lovett) to the Executive Secretary of the National Security Council (Lay)*¹

TOP SECRET

WASHINGTON, 20 November 1950.

Enclosed are summary statements of forces tentatively recommended by the Joint Chiefs of Staff in support of NSC-68/1, and a statement of the assumptions on which tentative cost estimates have been prepared by the Military Departments in terms of new obligational authority for fiscal years 1951-1955, inclusive, as requested by the National Security Council.

The Department of Defense proposes to continue its review of the statement of forces, the estimated costs, and the assumptions upon which these costs were based. If as a result of this review any substantial modification of the inclosed estimates appears advisable, you will be promptly notified.

ROBERT A. LOVETT²

[Annex]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Marshall)

TOP SECRET

WASHINGTON, 19 November 1950.

Subject: U.S. Objectives and Programs for National Security (NSC 68)

1. The Joint Chiefs of Staff have reviewed their memorandum to you, subject as above, dated 1 September 1950.³ They reaffirm that, so long as the basic concepts of NSC 68/1 are adhered to, the forces set

¹Transmitted by Lay to the members of the National Security Council, the Secretaries of the Treasury and Commerce, the Economic Cooperation Administrator, the Director of the Bureau of the Budget, and the Chairman of the Council of Economic Advisers on November 20.

²The initials of Secretary of Defense Marshall appear below Lovett's signature on the source text.

³Not found in the files of the Department of State.

forth in the enclosures to their memorandum of 1 September 1950* are, from the military point of view, the minimum necessary to fulfill the fundamental obligations of:

- a. Protection against disaster.
- b. Support of our foreign policy.

2. In accomplishing the current review, the Joint Chiefs of Staff have been mindful of their memorandum to you dated 13 November 1950⁴ and have given consideration to your memorandum to them dated 17 November 1950.⁴ The appendices hereto maintain the forces contained in the memorandum of 13 November 1950, but reflect an effort by the Services and the Joint Chiefs of Staff, with respect to manpower and costs, to arrive at a reasonable compromise between military requirements and other considerations. Attention is invited to the fact that personnel and cost estimates contained herein were prepared in a very brief time and that the Joint Chiefs of Staff have not been able jointly to screen the manpower and materiel requirements. Such an examination should be made more thoroughly prior to implementation.

3. The programs described herein impose a lowered military posture which, in the opinion of the Joint Chiefs of Staff, increases the risk with respect to our ability to defeat the probable enemy in the event of global conflict. The Joint Chiefs of Staff would also emphasize that whatever future annual program objectives are established the practicability of attaining them will inevitably be influenced in high degree by the budgetary actions taken for Fiscal Years 1951 and 1952. A solid base must be established in these two years if successful achievement of objectives of any effective future programs is to be realized.

4. The Joint Chiefs of Staff are mindful that any programs adopted for long-range planning guidance must be kept under continuing review, being responsive to changes in the political-economic-military situation and also recognizing the presently estimated need in 1954 for the forces as submitted to you on 1 September 1950.

5. If, after due consideration of the increased risks involved, it is determined that there are compelling reasons for reducing program objectives even below those submitted in our memorandum of 13 November 1950, the revisions enclosed herewith are forwarded for this purpose as follows:

*See Annex No. 1 to NSC 68/1. [Handwritten footnote in the source text. NSC 68/1 and its annexes are not printed; for NSC 68/3 and its annexes, December 8, see pp. 425 and 432, respectively.]

⁴Not found in Department of State files.

Appendix "A"—Army Programs
 Appendix "B"—Navy Programs
 Appendix "C"—Air Force Programs ⁵

6. The following general assumptions apply to all the Service programs contained in the appendices hereto:

- a. Hostilities in Korea will terminate by 30 June 1951.
- b. The forces and end strengths shown for FY 1951 will be approved.
- c. The general level of forces and end strengths shown for FY 1952 will be maintained throughout the following three fiscal years.
- d. Funds for the procurement of war reserves are phased and balanced over the four-year period from FY 1952 through FY 1955. Only a minimum of war reserves are provided for during FY 1951.
- e. Programmed readiness levels in war reserves will be attained by the end of FY 1956. However, procurement programs and production capacity will be adjusted to the extent practicable so as to attain the capability of rapid acceleration of production if the world situation indicates the necessity of reaching materiel readiness levels prior to the end of FY 1956.
- f. Prices are based generally on an average increase of 10% over those contained in the President's budget for Fiscal Year 1951.

For the Joint Chiefs of Staff:
 GENERAL OMAR N. BRADLEY

⁵ Appendices "A", "B", and "C" are not reproduced herein.

S/S-NSC Files: Lot 63D351: NSC 68 Series

Memorandum by the Director of the Policy Planning Staff (Nitze) to the Secretary of State

TOP SECRET

[WASHINGTON,] November 22, 1950.

BRIEFING FOR NSC CONSIDERATION OF NSC 68/1, ANNEX 1 ¹

1. At this meeting it is necessary to decide, at a minimum, what is

¹ This briefing paper was drafted in preparation for the 72nd Meeting of the National Security Council, November 22. NSC Action No. 386, taken at that meeting, President Truman presiding, read as follows:

"[The National Security Council] Agreed to advise the President that the Council, without prejudice to normal budgetary review of the cost estimates, considers the proposed military program for Fiscal Year 1951, enclosed with the reference memorandum dated November 20, to be generally consistent with the policies and objectives stated in NSC 68/2.

Note: The above action subsequently submitted to the President. Mr. Blaisdell (for the Secretary of Commerce), the Acting Economic Cooperation Administrator, the Director, Bureau of the Budget, and the Chairman, Council of Economic Advisers, participated with the Council and the Secretary of the Treasury in the above action." (S/S-NSC Files: Lot 66D95: NSC Actions)

The "reference memorandum dated November 20" was Lay's memorandum circulating Deputy Secretary of Defense Lovett's memorandum of the same date; for text of the latter, see p. 416.

NSC 68/1, Annex 1, "Military Programs," September 21, is not printed. For NSC 68/3 and its annexes, December 8, see pp. 425 and 432, respectively.

to be done in FY 1951, i.e., what supplemental appropriation is to be requested from the Congress.²

a. Fortunately, this does not appear to present a serious problem. The only controversial item is a reduction of \$1.5 billion. The remainder of the reduction has been made because expenditures for the Korean war have not been as high as was expected and because of a bottle-neck in aircraft engines which limits aircraft procurement. The \$1.5 billion seems to represent a real reduction in the war reserve of the Army.

b. The essential need is a prompt decision, in order that FY 1951 program as a whole can be pushed rapidly ahead. The Army feels that they might lose more by holding up the whole program than would be gained by deferring a decision in order to give more consideration to this one item of reduction.

c. Therefore, it seems wise for the Council to recommend to the President whatever figure is most acceptable to the Department of Defense for the supplemental appropriation for FY 1951. This presumably means a figure of the order of magnitude of \$45 billion, as compared with the September 1 figure of approximately \$54 billion.

2. With respect to FY 1952 and succeeding years, it is necessary to make a decision by December 15, the deadline set by the President. The problem is how to move forward to such a decision.

a. The first question is what is the recommendation of the Secretary of Defense? The papers which have been submitted do not make clear what is being recommended by whom, and what is the basis of the recommendation. It was stated at the Senior Staff that the JCS regard themselves as responsible for force and equipment requirements, but not for the supporting budgetary estimates, which, in their opinion, are the responsibility of the Secretary of Defense.

b. With respect to the size of the forces to be built up, it seems doubtful whether either the September 1 plan or the current revision provides forces which will be adequate to meet our responsibilities for our own defense, the defense of Western Europe, our UN commitments, and our other responsibilities. This is a basic doubt which the Department of State holds about all the planning which has been done to date.

c. The paper before us states that what is done in FY 1951 and FY 1952 will have an important bearing on what can be done later. The meaning of this statement is not wholly clear. Does it mean that if the plans for FY 1951 and FY 1952 outlined in the Appendices are adopted, it will not be possible to build up the forces called for in the September 1 plan for FY 1954, if such a build-up becomes necessary?

d. The paper before us states that the current revision is based on certain non-military considerations, but does not indicate what these

² Regarding President Truman's request to Congress for additional defense appropriations, December 1, see the second editorial note, p. 420.

considerations are or what weight was given to them. Can these considerations and their influence be specified?

(1) It appears that the current revision involves, in effect, a substitution of production capacity for war reserves. In other words, the basic change between this revision and the September 1 plan seems to be that the revised plan would provide a one-year war reserve by the end of FY 1956, while the September 1 plan would provide a one-year war reserve by the end of FY 1954. The question seems to be, therefore, what is the proper relation between war reserves in being and production capacity in light of Soviet capabilities, particularly Soviet atomic capabilities, for interfering with our production.

(2) It also appears that the current revision rests on certain assumptions regarding the number of men that can be maintained in military service and the length of service which is politically acceptable. The effect of these assumptions appears to have been a ceiling on manpower which would make it impossible to increase the forces above the 1952 level contemplated in the appendices.

e. Finally, and this is not a new problem, it is appalling to discover the enormous cost of providing these rather small forces. It raises the question whether anything can be done to put ourselves, so to speak, in a better competitive position in the military field. Is there anything which can be done, if necessary by radical measures, to reduce the extremely high cost of supporting combat units?

PAUL H. NITZE

Editorial Note

On November 28, 1950, Secretary of State Acheson appeared in executive session before the Senate Foreign Relations Committee to discuss the world situation in light of Chinese Communist intervention in Korea (November 25-27). For the record of his testimony, see *Reviews of the World Situation, 1949-1950: Hearings Held in Executive Session Before the Committee on Foreign Relations, United States Senate* (81st Cong., 1st and 2nd sessions), pages 367-395.

Editorial Note

In the light of massive Chinese Communist intervention in Korea, November 25-27, 1950, President Truman requested on December 1 an additional appropriation of \$16.8 billion for the Department of Defense and a supplemental appropriation of \$1,050,000,000 for the United States Atomic Energy Commission. For the text of the President's Special Message to Congress, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, pages 728-731.

Hearings on the President's request were conducted by subcommittees of the House Appropriations Committee between December 1 and December 14. On December 1, Secretary of Defense Marshall, Deputy Secretary Lovett, and the Joint Chiefs of Staff testified before the Special Subcommittee on National Defense Appropriations. General Omar N. Bradley, Chairman of the JCS, presented an extensive statement off the record. For the open portion of these proceedings, see *Second Supplemental Appropriations Bill for 1951: Hearings Before Subcommittees of the Committee on Appropriations, House of Representatives* (81st Cong., 2nd sess.).

Between December 9 and 19, the Senate Committee on Appropriations also held hearings on the request for additional funds. Marshall, Lovett, and the Joint Chiefs of Staff again testified; see *Second Supplemental Appropriations Bill, 1951: Hearings Before the Committee on Appropriations, United States Senate* (81st Cong., 2nd sess.).

Following its Christmas recess, Congress approved the funds requested. President Truman signed the Second Supplemental Appropriations Act, 1951, on January 6, 1951 (64 Stat. 1223).

711.5/12-550

Memorandum by the Ambassador at Large (Jessup)¹ to the Executive Secretary of the National Security Council (Lay)²

SECRET

WASHINGTON, December 1, 1950.

Subject: Proposed NSC Study of Manpower

It has perhaps long been apparent to all of us that manpower resources, their availability and utilization, pose a problem of greatest importance to our national security. Because of the importance of this problem, I have attempted to put down in this memorandum a few random thoughts which I hope may elicit further discussion by the Senior Staff with a view to the preparation of a report to the Council on this subject.

Any consideration of the manpower problem at the present time immediately brings to mind our needs for military manpower. It seems quite obvious that we may not be as fortunate in our sources of military manpower in any future conflict as we were in the past. I am led to believe, therefore, that we should plan to make the best possible use of such manpower as may be available to us. In all likelihood we may not in time of war have available large contributions

¹ Department of State Representative on the Senior Staff of the National Security Council.

² Circulated to the members of the Senior Staff by Lay on December 4.

of manpower which we formerly got from the subcontinent of India, and there may be reductions in the numbers available from Africa. Similarly, we may not be able to count on China for any substantial numbers of manpower. Nevertheless, there are very large untapped resources of manpower in the parts of the world which are friendly to us. We commonly assume that when a country is communized, its manpower resources are immediately and fully available to the Soviet Union. We have no comparable basis for counting such resources on our side. In some cases we are now hampered by views of our allies which can not be ignored; in other cases, we are not.

In considering the use of military manpower, we are faced with many questions such as:

1. The use of Allied troops;
2. The stimulation of effective build-up of armies in friendly countries;
3. The admission of volunteers to our armed forces;
4. The training of foreign units (possibly along the lines of the Philippine Scouts) for use with our troops;
5. The possible development of a foreign legion under American leadership.

It may well be that our manpower requirements will be such that we will be forced to resort to all possible devices to increase the pool of available manpower. Certainly, it would be wise at least to study all such possible devices and to make the best possible plans for their use. Eventually, this would, of course, be a problem for common action with other friendly nations.

The question of collective forces is another which would need to be fully explored. I have in mind both the question of the development and use of UN forces under the Uniting for Peace Resolution, in a UN legion or otherwise, and the question of regional forces such as those which might be developed in this Hemisphere. It seems to me that it is just not good enough to say that such and such a people are not good or effective soldiers. It has been pretty clearly demonstrated that almost any person in good health can be trained, equipped, and led to make an effective military contribution.

In an effort to stimulate further thinking on this problem and to elicit other ideas, I suggest that the Senior Staff arrange for a preliminary discussion which I hope would lead to a prompt and full study of the manpower problem; and that this study explore all likely sources of manpower and the best means for developing and utilizing such manpower as is likely to be available. I would hope that this study could be approached, from an entirely objective standpoint, and that the past tendencies to minimize the value of effectiveness of foreign manpower be kept at a minimum.

I hope that we can discuss this question at an early meeting of the Senior Staff.

PHILIP C. JESSUP

Editorial Note

For documentation on the visit of British Prime Minister Clement R. Attlee to Washington, December 4-8, 1950, see volume III, pages 1698 ff. The Anglo-American discussions which occurred during the visit of the Prime Minister covered a wide range of issues of immediate relevance to United States national security policy. For documentation on those portions of the conversations which dealt with the Korean War and the question of employment of atomic weapons in connection with that conflict, see volume VII, pages 1352-1426, *passim*.

711.00/12-550

*Memorandum by the Assistant Secretary of State for Public Affairs
(Barrett) to the Secretary of State and the Under Secretary of State
(Webb)*

SECRET

[WASHINGTON,] December 5, 1950.

Subject: The Current Emergency

From where we sit, the Administration seems in danger of erring very badly in the direction of "Let's wait and see" and "Let's not do anything until we are absolutely sure of it".

Public opinion in this country and abroad is in a very serious condition. In the absence of strong, positive leadership in Washington, the situation is ripe for mountebanks of various sorts to move in and fill the void.

The American people are getting the impression that their Washington leadership is utterly confused and sterile. They are saying, in effect: "Don't just sit there; do something".

The people of Western Europe seem, on the one hand, to be frightened to death that we are going to bluster into a general war. On the other hand, we believe, they would welcome a firm U.S. position to the effect that "We are not going to be rushed into any foolish international action; we are going to husband our resources; but we are going into a gigantic mobilization in the belief that it is the one way of preserving the peace."

We certainly do not advocate sweeping and empty announcements for their propaganda impact alone. But we do feel that if there is ever a time when psychological factors are enormously important, that time is now. Moreover, we know we are bound to embark on a huge mobilization program; hence it should be quite possible to use that fact in a way that will meet the psychological crisis we face. If we move now in this direction, there is a good chance that we can enlist the support of that large segment of the public opinion, here and abroad, that is now in a highly fluid state. If we wait until appropriate officials have worked out every last detail of the things that are going to be done, we very likely will have lost the support of public opinion. We will seem to be trailing badly.

Accordingly, it is recommended that the President assert his leadership promptly. He could do this in a message to Congress, in a simple announcement from the White House, or, preferably, in a fireside talk, within the next two days. The content of that message or talk should be along the following lines:

(1) An analysis of the situation we face and the gravity of it (coupled with whatever grave announcement it may at that time be appropriate to make regarding Korea).

(2) A brief statement of the world situation we face, based on the concept of NSC-68.

(3) A clear and forceful statement to the effect that we are calm and resolute, determined to meet the grave world situation, but also determined not to be rushed into any shortsighted or unwise international moves.

(4) A statement that the President is today declaring a state of national emergency.

(5) A statement that, in the interest of building up the forces to preserve the peace, he is today instructing the appropriate authorities to double the previously planned rate of acceleration of production of Army equipment and Air Force equipment. (This might mean revising schedules so that by December, 1951, we reach the level of production previously planned for December, 1952.)

(6) Announcing simply that the President is instructing the Navy to enlist as rapidly as possible the manpower needed to man 75% (or another appropriate figure) of the usable Navy vessels now in mothballs.

(7) Announcing that he is instructing the control agencies of Government to draft and issue whatever regulations are necessary to facilitate this program, preparing requests for legislation where that is necessary.

(8) Announcing that, at his request, the Joint Chiefs of Staff (or SecDef) are bringing General Eisenhower back into active service with the assignment of going to Europe, as representative of the

Defense Department, to help expedite the planning for united European defense.

(9) Announcing some concrete step (like a weekly conference) to implement true bi-partisanship.

The representatives of the agencies concerned seem to agree that these steps or similar ones definitely could be taken "after the necessary details are worked out carefully". Many, however, feel that the details should be worked out prior to any announcement.

We contend that it may then be too late. We urge that the President move forthrightly in this direction, giving the agencies concerned orders to work out the details and carry through as speedily as possible.¹

¹ For information regarding the President's proclamation of a national emergency, December 16, and related actions, see editorial note, p. 477.

S/S-NSC Files : Lot 63D351 : NSC 68 Series

*Report to the National Security Council by the Executive Secretary
(Lay)*

[Extracts]

TOP SECRET
NSC 68/3

WASHINGTON, December 8, 1950.

NOTE BY THE EXECUTIVE SECRETARY TO THE NATIONAL SECURITY COUNCIL
ON UNITED STATES OBJECTIVES AND PROGRAMS FOR NATIONAL
SECURITY

References: A. NSC 68 Series
B. NSC Actions Nos. 361 and 386¹
C. Memo for NSC from Executive Secretary, same subject, dated November 14, 1950²

The enclosed revision of NSC 68/1 on the subject, prepared pursuant to Reference C, by the NSC Staff with the assistance of representatives from the other departments and agencies participating in the NSC 68 project, is submitted herewith for consideration by the National Security Council, the Secretary of the Treasury, the Secretary of Commerce, the Economic Cooperation Administrator, the Director, Bureau of the Budget, and the Chairman, Council of Economic Advisers at the regularly scheduled Council meeting on Thursday, December 14, 1950.

¹ For the substance of NSC Action No. 361, see NSC 68/2, September 30, p. 400. For text of NSC Action No. 386, see footnote 1, p. 418.

² *Ante*, p. 403.

Also attached for information are the following appendices:

Appendix A—Tabulation of Approximate Costs of the Programs;

Appendix B—The Economic Implications of the Proposed Programs, prepared by the Chairman of the Council of Economic Advisers.

There is also being circulated separately, for information in connection with this report, a set of seven related annexes,³ prepared by the respective departments and agencies as indicated in each annex.

It is recommended that, if the enclosed report is adopted, that it be submitted to the President for consideration with the recommendation that he approve it as a working guide and direct its implementation by all appropriate departments and agencies of the U.S. Government.

It is requested that this report be handled with special security precautions, in accordance with the President's desire that no publicity be given the NSC 68 series without his approval, and that the information contained therein be disclosed only to the minimum number of officials of the Executive Branch who need to know.

JAMES S. LAY, JR.

[Here follows a draft report by the National Security Council on United States Objectives and Programs for National Security. For the text, as amended, see NSC 68/4, December 14, the report to the President by the NSC, page 467.]

Appendix A

Tabulation of Approximate Costs of the Programs

TOP SECRET

[WASHINGTON, December 8, 1950.]

The following tabulation of the approximate costs of the programs required to implement the policies outlined in NSC 68/3 over a five year period, is wholly tentative both with respect to the magnitude of the sums involved, and the rate of their expenditure. It is inserted solely to convey an idea of the general magnitudes likely to be required for the NSC 68 program according to current estimates of requirements. The four year projections for certain of the programs are subject to review in the light of the decision to accelerate the military program as rapidly as possible, and are currently being reappraised.

³ See extracts, p. 432.

Approximate Costs of Proposed Programs

(In billions of dollars on an obligations basis)

| <i>Programs</i> | <i>FY 1951</i> | <i>FY 1952</i> | <i>FY 1953</i> | <i>FY 1954</i> | <i>FY 1955</i> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| U.S. armed forces* | | | | | |
| Foreign military and economic assistance | 8. 697 | 10. 409 | 10. 237 | 7. 650 | 5. 010 |
| Information and educational exchange | . 233 | . 193 | . 198 | . 200 | . 200 |
| Civilian defense—Federal | . 150 | . 486 | . 632 | . 452 | † |
| —State | — | . 429 | . 615 | . 418 | † |
| Stockpiling | 1. 800 | 1. 000 | 1. 000 | . 800 | — |
| Internal security (excluding the Department of Defense programs which will be included in "U.S. Armed Forces") | . 112 | . 154 | . 163 | . 170 | . 176 |

Appendix B

*Memorandum by the Chairman of the Council of Economic Advisers
(Keyserling)*

TOP SECRET

[WASHINGTON, December 8, 1950.]

Note: This is based on assumptions concerning the U.S. military programs which appeared most reasonable on the basis of the NSC Senior Staff meeting of Wednesday, December 6, 1950, namely:

- a) That the strength target for June 1952 would be 3.2 million men; and
- b) That the force targets for June 1954 set forth in NSC 68/1, dated September 21, 1950, would be accepted as targets for June 1952.

The broad calculations flowing from these assumptions were in large measure based on Annex A to the NSRB document of December 4, 1950, entitled "Instruction for Preparation and Presentation of Programs and Program Requirements".⁴ This Annex represented a preliminary effort to translate these assumptions into terms of productive effort.

Should these assumptions be revised substantially upwards the attached document would, of course, require major revision.

* To be supplied by the Department of Defense. [Footnote in the source text.]

† The assumption is made that only recurring and maintenance costs will be incurred after FY 1954. [Footnote in the source text.]

⁴ Not printed.

THE ECONOMIC IMPLICATIONS OF THE PROPOSED PROGRAMS: REQUIRED
FISCAL, BUDGETARY AND OTHER ECONOMIC POLICIES

(Prepared by the Chairman, Council of Economic Advisers)

1. The top advisers to the President in the field of economic policy have been asked to register their appraisal of the economic impact and economic policy implications of the objectives of NSC 68/2, as approved by the President on September 30, 1950, and of the programs submitted in support of those objectives. It is not, of course, the function of such an economic appraisal to pass judgment on the adequacy of the recommended programs to meet the requirements of military and foreign policy in the light of the risks and needs outlined in NSC 68/2. If such an appraisal showed, however, that the recommended programs substantially exceeded our economic capabilities, or wrought damage to the economy to an extent endangering our general strength, they would clearly have to be brought into balance. Likewise, if such an economic appraisal showed that the recommended programs fell substantially short of our economic capabilities, or imposed a burden upon the economy light in relation to the seriousness of the clearly revealed and commonly agreed upon national danger, that conclusion should be revealed forthrightly as one guide in evaluating these recommended programs.

2. Because it has not been feasible, within the time available, for the Department of Defense to prepare procurement and expenditure estimates in support of the force and strength targets recommended for June 1952 and thereafter, only a few broad indications of economic impacts can be given at this time. From such preliminary calculations as can be made, however, certain broad conclusions emerge clearly.

3. The programs submitted in the report represent a relatively brief maximum effort toward a limited objective. The strength target of 3.2 million men for June 1952 represents about 4½ percent of the total labor force, as compared with over 17 percent (12.3 million men) during the peak of World War II, and about 6½ percent (3.9 million men) as of July 1, 1942. Military production at its peak would absorb not more than 15 to 20 percent of the total steel supply, as compared with well over 50 percent during World War II. Yet production of ingot steel is now at an annual rate of 100 million tons, as compared with 89 million tons in 1944. The absorption of copper would be less than one-third of supply, as compared with two-thirds during World War II. The absorption of aluminum would also be less than one-third, as compared with over 80 percent during World War II.

4. The production rates required to achieve the targets indicated in the report would reach a peak in 1952 which would be substantially

below our capabilities. Total budget expenditures on national security programs would probably reach a peak annual rate of about 70 billion dollars during the second half of the fiscal year 1952, or about 25 percent of total national output. If such expenditures were to reach the World War II peak burden of about 42 percent of national output, they would amount to about 130 billion dollars. If they were to reach the 32 percent level achieved during 1942, i.e., during the 12-months period following Pearl Harbor (when the number of men in the armed forces averaged 3.8 million men), they would amount to about 100 billion dollars. Such calculations are, of course, only illustrative. They indicate quite clearly, however, the limited character of the effort implied in the programs recommended in the report.

5. This relatively limited character of the programs does not, of course, mean that their impact on civilian consumption would be negligible. In order to free the materials necessary to support the productive effort implied in these programs (with no allowance for stockpiling), the production of automobiles and of other metal-using consumer goods would probably have to be cut below their 1950 levels by sixty percent or more. Housing would have to be cut by more than one-third. The production of civilian radios and television sets would have to be cut by much more than this, if not eliminated entirely, in order to meet military demands for electronics.

6. Although these represent very sharp cuts in individual items below the record-breaking levels of 1950, the general civilian consumption standards which would be possible under the proposed programs could hardly be described as austere, even if the relatively comfortable standards of World War II in this country were taken to represent bedrock austerity. By the standards of any other country in the world, they could only be described as luxurious. Aggregate personal consumption in 1952, although substantially different in composition and somewhat less satisfactory to consumers, would be within 10 percent of the 1950 level. It would be nearly one fourth greater than the 1944 level, and over half again as great as in 1939. Even the production of durable consumer goods would be about half again as great as in 1939.

7. These broad estimates are based on the assumption that working hours and the proportion of the population drawn into the active labor force would increase considerably above recent levels, although not approaching the peaks of World War II. With greater increases in labor effort than assumed in these estimates, a substantially greater increase in total output could be achieved. This could provide the basis for a greater military production even while still maintaining the consumption standards outlined above (with the exception that

sharper cuts in durable consumer goods would, of course, be necessary in order to free materials for military production).

8. Given a major labor effort over the next two years, and given a substantial investment in basic productive facilities, there can be no doubt that the force targets presented in the report could, from the standpoint of our manpower and other resources, be maintained indefinitely; and that, even with the maintenance of these forces, the civilian consumption standards of 1950 could be restored and improved within a few years. This is hardly the time to give high priority to improving the consumption standards of 1950. But the fact that such an achievement is within reasonably conservative bounds of feasibility casts light on the degree of long-term sacrifice and effort implied in the programs recommended in the report. Without passing any judgment upon the adequacy of the programs recommended in the report, which would be outside the scope of economic analysis, it follows palpably that these programs in terms of their economic implications fall about half way between "business as usual" and a really large-scale dedication of our enormous economic resources to the defense of our freedoms, even when defining this large-scale dedication as something far short of an all-out war or all-out economic mobilization for war purposes.

9. Aside from the basic economic conclusion just stated, it is necessary to outline the economic policies which would flow from programs of the size and degree of acceleration recommended in the report. It is self-evident that defense, civilian (both industrial and consumer) and international needs are of such a size that none can be given an absolute priority over another. Perhaps the most striking example of this is the fact that fulfillment of the manganese stockpiling goal would require a very severe cutback in current steel production. A decision to attempt to achieve the full stockpile objective for copper by June 1952, for example, would be tantamount to a decision to forego any industrial expansion in this country, and to disrupt the economies of allied nations. It is for such reasons that so great importance is attached by Mr. Attlee in the current conversations to the establishment of machinery for the international allocation of basic materials.

10. The central and urgent requirement of economic policy, indispensable to the sound formation of policy in all other areas, is the continuing maintenance of an over-all inventory of supply and requirements, accompanied by a continued basic programming to determine the priority considerations which must determine the distribution of available supply among competing requirements. The basic requirements are military, stockpiling, international, industrial and consumer. These must all be serviced, in varying degrees, by the totality of supply. Every specific economic program is directed, in the final analysis, toward the matching of supply and requirements,

whether it be by increasing supply, redirecting supply, or restricting certain requirements. And since this over-all programming operation is central to the whole task of economic mobilization, it should be located in one place. Further, this place of location should also be the place of location for ultimate decisions, short of the President, with respect to coordination of programs, settlement of disputes arising from conflicting policies or requirements, etc. This is true because no ultimate coordinator or umpire can act effectively unless armed with a programming operation to provide the basis for intelligent action. The Administrative question of where this function is located is not specifically within the economic sphere, but economic analysis must point out that until this operation is functioning on a centralized and comprehensive basis there can be no effective economic mobilization either partial or complete.

11. The completion of the first effort at such a comprehensive balancing of program requirements and supply would reveal the need, and provide first quantitative guide lines, for the expansion of capacity in critical areas. It would also reveal areas where such expansion could be given only a low priority. Such an analysis is essential in order to give meaningful and detailed content to the term "shortages", and in order to translate the need for expansion into concrete terms.

12. Such a comprehensive programming operation is also essential to reveal the way in which direct controls should be used. The need for such controls is no longer in question. There can now be no doubt of the early necessity for complete allocation of basic materials throughout the economy, on a scale comparable to the Controlled Materials Plan of World War II. There can be no doubt that widespread price and wage controls will be required within the near future. Maximum feasible action in the fields of taxation and credit will be essential, not in the hope of minimizing the need for direct controls, but in order to make those controls workable. The probable existence, under present and pending tax legislation, of a deficit of over 30 billion dollars (annual rate) by the second half of fiscal 1952 is ample evidence of this.

13. It would be the height of folly, however, to initiate a fully comprehensive system of direct controls before having a reasonably clear idea of the purposes which those controls were intended to accomplish, i.e. before major policy decisions had been reached in the light of a comprehensive analysis of the facts, and of a reappraisal of existing policies in the light of those facts. Controls without purpose could only weaken the economies of the free world and confuse the populace. Nonetheless, it should be emphasized that certain tasks to be accomplished by controls are so immediately urgent, and the size of the ultimate task so great, that the development of the necessary organization and staff should proceed with utmost speed.

S/S-NSC Files : Lot 63D351 : NSC 68 Series

*Report to the National Security Council by the Executive
Secretary (Lay)*

[Extracts]

TOP SECRET

WASHINGTON, December 8, 1950.

Annexes to NSC 68/3 ¹

UNITED STATES OBJECTIVES AND PROGRAMS FOR NATIONAL SECURITY

Annex No. 1, The U.S. Military Programs

(It is understood that this Annex will be made available by the Department of Defense prior to the Council meeting on Thursday, December 14, 1950)²

Annex No. 2, The Foreign Military and Economic Assistance Programs

Part A, Estimates for MDAP, Fiscal Years 1951 Through 1955
(Prepared by the Department of State, in consultation with the Department of Defense and the Economic Cooperation Administration, and approved interdepartmentally at the FMACC level.)

Part B, Anticipated U.S. Foreign Grants and Loan Assistance
(Prepared by the Department of State and the Economic Cooperation Administration)

Appendix to Annex No. 2, The ECA Information Program
(Prepared by the Economic Cooperation Administration)

Annex No. 3, The Civil Defense Program ³
(Prepared by the National Security Resources Board)

Annex No. 4, The United States Stockpile Program
(Prepared by the National Security Resources Board)

¹ The annexes to NSC 68/3 consist of revised versions of the annexes to NSC 68/1, September 21, none of which is printed. Annexes 1-7 of NSC 68/3 correspond as to subject to Annexes 1-7 of NSC 68/1, although the titles differed slightly. However, NSC 68/1 was also accompanied by three annexes not included either in original or revised form in the annexes of NSC 68/3. The three were Annex 8, "Long-Term Political and Economic Framework," prepared in the Economic Cooperation Administration and the Council of Economic Advisers (regarding Annex 8, see Policy Planning Staff study of November 10, and footnote 2 thereto, p. 404); Annex 9, "Organizations for Coordinating National Security Policies and Programs," prepared in the Bureau of the Budget; and Annex 10, "The Economic Implications of the Proposed Programs: Required Fiscal, Budgetary and other Economic Policies," prepared in the CEA. NSC 68/1 was also accompanied by an Appendix to Annex 10, "Technical Assumptions and Analysis Underlying the Economic Projections for 1950-1955," also prepared in the CEA. It should be noted that an undated and much abbreviated version of NSC 68/1, Annex 10, is included in NSC 68/3 as Appendix "B", p. 427.

² See memorandum by Secretary of Defense Marshall to the President and enclosures thereto, December 14, p. 474.

³ Not printed.

Annex No. 5, The Foreign Information Programs

(Prepared by the Department of State)

Annex No. 6, Foreign Intelligence and Related Activities

(Prepared by the Central Intelligence Agency, with the concurrence of the Intelligence Advisory Committee)

Annex No. 7, The Internal Security Program ⁴

(Prepared by the Interdepartmental Intelligence Conference and the Interdepartmental Committee on Internal Security)

ANNEX No. 2

THE FOREIGN MILITARY AND ECONOMIC ASSISTANCE PROGRAMS

PART A. ESTIMATES FOR MDAP, FISCAL YEARS 1951 THROUGH 1955*

(Prepared in the Department of State, in consultation with the Department of Defense and the Economic Cooperation Administration, and approved interdepartmentally at the FMACC level)

1. The estimates of appropriation requirements for military aid to all countries and economic support for NATO countries for Fiscal Years 1951, 1952, 1953, 1954 and 1955 include (a) the costs of furnishing military equipment, supplies and training to the countries determined to be eligible for grant assistance under the Mutual Defense Assistance Act and (b) the costs of programs calling for both a vastly expanded European production of military equipment (additional military production program) and the raising of larger forces in the European NAT countries. The estimates given below do not include the costs of certain emergency foreign military assistance programs, such as the cost of equipping and organizing a Korean military establishment. These estimates take into account recent price increases of military equipment. Progress in the technological field will require continuous review of existing programs and the possible adoption of new ones. The approximate amount and distribution of obligations by years for increasing the defensive military strength of selected countries in the free world are indicated in Table 1.⁵

2. A more detailed breakdown of the estimated costs of meeting the requirements of the Medium Term Defense Plan (MTDP) for the European NAT countries (and Western Germany) together with the

⁴ Not printed.

*These estimates cover both aid in the form of armaments, and economic support for the European NAT countries and Western Germany. Economic aid requirements of the other European countries, not members of NAT, are given in Part B Annex No. 2. [Footnote in the source text.]

⁵ Not reproduced.

estimated United States assistance needed to meet those requirements is given in Table 2.⁶ Estimated total costs of the MTDP requirements for Western Europe are \$57.40 billion for the four fiscal years 1952–1955, inclusive. As indicated in more detail below, these are United States estimates of requirements costs which will be subject to refinement as the European NAT countries furnish information on their costs of meeting their requirements under the MTDP. The estimated amount of resources which the European NAT countries could mobilize and devote to defense needs is about \$45.00 billion, assuming the United States continues to furnish general economic support at rates averaging almost \$2.0 billion a year. From this total should be deducted about \$5.0 billion or more for essential defense expenditures of such countries as the United Kingdom and France in areas outside the North Atlantic Treaty area. In order to close this gap between requirements for NAT defense and available resources which could be devoted to defense in Western Europe, it is estimated that about \$25.40 billion of United States assistance is required between fiscal year 1952 and fiscal year 1955. The form of this required assistance is flexible within limits. In Table 2, it is estimated that United States assistance in the form of military equipment and training (items 2c and 6) will be \$17.59 billion and in the form of general economic support for European military production and increased forces will be \$7.81 million, or roughly in the ratio of 2 to 1. The extent to which the form of United States assistance could and should vary as between armament and economic support depends on a number of political, military and economic factors, including the overriding need for trained and organized European forces, the promptness with which European industry is mobilized for war production, the flexibility and expansibility of the war industries in both the United States and Western Europe, and the extent to which the United States industry can and should be called upon to meet the armament requirements of this country and a major portion of those of the MDAP countries. The estimated division given above is believed to be practicable on the basis of present information, but can and should be varied as circumstances require. The basis of the estimates are explained below.

3. The estimates of the costs of raising, maintaining and equipping the European NAT combat forces are based on the requirements of the Medium Term Defense Plan (MTDP) as developed by the NAT Regional Planning Groups and approved by the Defense Committee. The size and composition of the forces required for the defense of the European NAT area are those set forth in document 28 of the Defense

⁶ Not reproduced.

Committee (dated October 28, 1950). The equipment costs were based on these forces equipped in accordance with modified United States standards, after adjustments were made for equipment on hand together with that equipment included in the fiscal year 1950 MDA Program. This will provide initial armament maintenance parts and ammunition. The equipment costs for capital equipment and maintenance parts and replacement for that capital equipment (items 1(a) and a portion of item 1(b) of Table 2) were based upon current United States prices. The gross cost of maintenance and expansion of European NAT forces (major portion of 1(b) of Table 2) was estimated on the basis of current aggregate costs of supporting troops (estimated at a one to one ratio) in the country of recruitment. No allowance was made either for the deployment of forces in countries other than the country of recruitment. The costs of stationing troops outside the North Atlantic area are not included in the estimates of requirements for the European NAT countries under the MTDP.

4. The estimated cost of armament to be furnished from the United States (item 2(a) of Table 2) in the form of capital equipment represents about 60 percent of the cost in terms of current United States prices of meeting the aggregate capital equipment deficiencies of the European NAT forces of a size and composition called for under the MTDP and equipped according to modified United States standards. It is assumed that the European NAT countries (and Western Germany) would produce or procure about 40 percent of their estimated equipment deficiencies. The estimated cost of maintenance and replacement equipment (item 2(b) of Table 2) was based on the assumption that the United States would furnish 16 percent of the gross maintenance requirements in fiscal year 1952 (item 1(b), Table 2), 14 percent in fiscal year 1953, 12 percent in fiscal year 1954 and 10 percent in fiscal year 1955. The 16 percent factor for fiscal year 1952 represents about 60 percent of the total rates for maintenance parts and replacement equipment for equipment on hand. Thereafter, it is assumed the armament industry of Western Europe will supply an increasing portion of current maintenance and replacement requirements for the equipment on hand.

5. The time-phasing of equipment requirements and of the estimated cost of furnishing armament from the United States was related to estimates of production lead time required to obtain the needed capital equipment from current production both in the United States and in the Western European countries. With respect to the United States, it was assumed that our industrial mobilization base would be broadened to accommodate the procurement by the Department of Defense for the needs of the United States armed forces as well as those of the

MDAP countries with an over-all shortening of production lead times in fiscal years 1953 and 1954. It is estimated that the capital equipment to be procured in the United States will be produced in time to meet the time-phased force requirements of the European NAT countries. It is assumed that with respect to the balance of European armament requirements, the industry of Western Europe will keep pace with American industry. The estimated costs of supporting European forces (item 1(b), except for maintenance parts and replacement equipment which are time-phased in relation to armament production) follow the time-phased requirements for the expansion of European NAT forces.

6. In fiscal and budgetary terms, items 1 and 2 in Table 2 are expressed in and time-phased according to obligations. Actual expenditures, including the call upon available resources in the economy of the United States and Western Europe, would come at a later period. The estimated amount of resources which Western Europe could make available for defense purposes (item 4, Table 2) is on a current or an expenditure basis. Since estimated available resources (mobilizable in Western Europe plus those furnished by the United States) are only slightly in excess of time-phased requirements, an unanticipated peaking of defense expenditures in a given year would run into basic resource shortages. Furthermore, the longer the European NAT countries delay in raising forces and placing contracts for armament, the greater will be the likelihood of losing resources for defense use in the early years of the defense effort and encountering resource shortages in the later years. In addition to the difficulties of measuring the incidence of defense burdens by countries is not known in detail, although the required studies are underway in the NAT organization. It is probable that these studies will indicate that assigned defense tasks will not be distributed by countries in accordance with economic and financial capabilities to sustain those tasks. Additional resources will be needed from external sources. Although account has been taken of the possibilities of transfers of resources among European NAT countries, it is expected that unmanageable defense burdens which fall on certain European NAT countries will have to be compensated in part by additional United States assistance. For all these reasons, it has been deemed necessary to anticipate supplementary and justifiable requirements for United States assistance either in the form of armaments or economic aid, in addition to that needed to meet anticipated dollar balance of payments deficits. The amount of aid in other than armaments is \$7.81 billion for the four fiscal years (item 7 Table 2).

7. All United States projected aid to the European NAT countries (and Western Germany) is included in Annex 1. However, certain countries are not directly associated with the defense program for the

NAT community, but nevertheless will require continued economic aid to sustain their economies. These countries include, at least in fiscal 1952, Austria, Greece, Iceland, Ireland, Sweden, Trieste and Turkey. Aid for this latter group is included in Part B of this annex. United States aid will also be needed in support of European international economic institutions, such as the European Payments Union, the Schuman Plan, and the Program of Trade Liberalization. The total aid figures in Part A and in Part B of this annex for European countries include such funds as may be required for these institutions although the specific amount needed for this purpose has not yet been determined.

8. *Greece, Turkey and Iran*, on the southern periphery of the Soviet Bloc, are the recipients of military aid under Title II of the Mutual Defense Assistance Act. The tense international situation requires continuation of measures to maintain and, as practicable, increase the military potential of these countries which are among those likely to be the targets of further Soviet aggression and which are in an area whose security is of vital concern to the security of the United States.

9. The danger of satellite states engaging in hostilities against Greece counsels against the reduction of Greek forces under arms as was contemplated at the beginning of fiscal year 1951. Increased military supplies and economic assistance from the United States are essential to maintain these forces and to prepare them with the type of equipment needed to defend themselves.

10. Notwithstanding the marked effect of American military aid already rendered, the numerically strong Turkish armed forces still lack adequate military equipment, supplies and training needed to attain the level of combat effectiveness deemed essential for that country. In order to attain combat effectiveness of the Turkish Forces, it is essential that the United States support the establishment and training of a non-commissioned officers corps in the Turkish Forces.

11. It is necessary to maintain a steady flow of military supplies to Iran in support of the forces required to maintain internal order in that country and to give the Government and people confidence in their ability to do so. The Iranian Forces should be adequate to discharge delaying action in the event of Soviet aggression in order to permit the withdrawal of the Shah and Government, with some forces, to the southern mountains in accordance with the Iranian military plans and to permit implementation of a demolition program.

12. The five-year program recommended under Title II for Greece, Turkey and Iran (in millions) is as follows:

| 1951 | 1952 | 1953 | 1954 | 1955 |
|----------|----------|----------|----------|----------|
| \$325. 9 | \$271. 3 | \$287. 4 | \$262. 4 | \$242. 2 |

13. The foregoing estimates for Title II are based upon the following assumptions:

(a) That the international situation will not appreciably improve during the course of the five-year period, but that actual hostilities, either localized or general, will not commence, or the likelihood of hostilities will not substantially increase. In case of a more imminent danger of conflict, or of hostilities in any form in the general area, the aid requirements would require adjustment in light of circumstances prevailing at the time.

(b) That common-use items for the Greek armed forces will be provided *in toto* from the Greek economy, or, in regard to foreign exchange costs, by funds appropriated for the general economic support of Greece.

(c) That the size of the Greek, Turkish and Iranian forces will not be increased appreciably during the period.

(d) That the achievement of United States objectives in the Near East and South Asia will not require the furnishing of military assistance on a grant basis to countries other than those presently eligible for grant assistance under the Mutual Defense Assistance Act.

14. *The Far East.* The estimated requirements for military assistance on a grant basis to countries in the general area of China, including the Philippines and Formosa but excluding Korea, are given below:

| <i>Fiscal Year</i> | <i>Estimated Requirements</i> (in million dollars) |
|--------------------|---|
| 1951 | \$375.0 |
| 1952 | 560.0 |
| 1953 | 467.4 |
| 1954 | 383.6 |
| 1955 | 358.7 |

15. *Indo-China.* This country is the key to the control of the mainland of Southeast Asia. Its loss would represent a major strategic reversal for the United States and its allies and concurrently a great increase in the political, economic and military power of the enemy. The preservation of Indo-China from Communist encroachment depends upon the success with which the military, economic and political programs are concomitantly prosecuted. The military program will fail unless the political and economic programs are a success and vice versa. The immediate purpose of the political program is to secure for Bao Dai the support of Indo-Chinese nationalists sentiment. Even if this is achieved, Communist-inspired guerrilla operations will continue until a successful military program has been completed.

The success of the military operation depends upon the French who must prosecute it successfully. We are confronted by the dilemma between this fact and the fact that the more political concessions the

French make the less they have to fight for in Indo-China. They, nevertheless, should receive such aid as the United States and the United Kingdom can contribute.

The cardinal point of the United States policy in Southeast Asia is that Indochina must not be permitted to fall before the Communist pressure which is not [*sic*] symbolized internally by Ho Chi Minh's movement, and externally by Chinese Communist troops on the Tonkin frontier. If Indochina is overrun by the Communists, all of the Southeast Asian mainland would rapidly succumb. The strategic loss to the West and the resultant gain to the East would certainly make far more difficult our efforts to contain Communism elsewhere in the world.

To achieve our objective, it is recognized that a strong nationalist anti-Communist counter-force must be developed in that area. The nucleus of such a movement in Indo-China is represented by the three Associated States of which the State of Vietnam is the largest. These governments must be supported and strengthened in every possible manner, politically, militarily and economically.

The United States Military Aid Program for Indo-China is designed to help in the establishment of national armies, national guard and police forces for the three States and to supply American military equipment to the Army of the French Union.

The governments of the Associated States are being assisted in their efforts to develop their national armies in order to resist Communist fifth column and terrorist activities from within.

16. *Korea.* Any projection of probable military assistance requirements for Korea for the post-hostilities period must be based upon factors which cannot yet be assessed. The chief factors determining the amount, character and timing of military assistance to Korea include (a) the extent to which the UN will participate in any program of military assistance to Korea; (b) the magnitude of the internal security problem, including guerrilla operations; (c) the extent to which the Chinese Communists and the Soviet Union support and abet the guerrilla operations and border incursions; and (d) the necessary size of Korean military forces to insure the internal security and prevent border incursions.

17. *Formosa.* On June 27, 1950, the President ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary to this action, the President called upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. The President stated that the determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations. The implementa-

tion of these directives of the President requires the furnishing of military equipment and training assistance to the Chinese Government forces on Formosa to enable them to defend the island and to assist the Seventh Fleet in rendering the island area secure.

18. *Thailand*. The objective of United States military assistance to Thailand is to enable that Government to carry through its announced intention to resisting Communist encroachment. Since the threat to Thailand has not yet developed to severe proportions, there is an opportunity to modernize and train the Thai forces to resist Communist encroachment.

19. *The Philippines*. The United States has a unique responsibility in the Philippines because of a half century of American sovereignty over the islands. In addition, the Philippines furnish important bases and facilities for the United States forces. A serious internal security problem exists in the islands. The solution calls for military and economic assistance as well as political guidance. With respect to military aid, it is recommended that equipment be furnished to equip expanded security forces and to modernize and train the present forces. Greater emphasis is also being given to the training of the Philippine army.

20. *Indonesia*. The basic objective of the military assistance program for Indonesia is to strengthen the constabulary to enable it to perform effectively its function of maintaining law and order under the authority of the central government. This objective includes the prevention of smuggling activities in Indonesian waters.

21. *The Other American Republics*. The inter-American community is a source of both immediate and reserve political and economic strength. Its military strength is limited although not negligible. Its military manpower and the equipment presently available are essential to the maintenance of internal security in the other American states. Properly trained and equipped, the manpower of these countries could be used to maintain the security of lines of communication in the inter-American area and possibly to contribute forces to overseas operations. Although a specific estimate of training requirements and urgent equipment needs has not been included in the estimates given above, it is believed that nominal amounts of funds should be made available, when and if circumstances require, to meet training and selected equipment requirements of the other American states in accordance with the policies laid down in NSC 56/2.⁷

[Here follow Table 1, "Estimated Costs of Meeting United States Objectives Under the Mutual Defense Assistance Programs," and Table 2, "Estimated Costs to the United States of Assisting the Euro-

⁷ Of May 18, p. 628.

pean NAT Countries (and Western Germany) to Meet their Requirements under the Medium Term Defense Plan.”]

PART B. ANTICIPATED U.S. FOREIGN GRANT AND LOAN ASSISTANCE†

(Prepared by the Department of State and the Economic Cooperation Administration)

1. The estimates given in table 3⁸ below of foreign grant and loan assistance were made on the assumption that we shall not be engaged in a major war, but that the Soviet Union will intensify its efforts to extend the orbit of its influence and control. Our objective in providing economic aid is to create situations of political and economic strength in the free world especially in critical areas whose present weakness may invite Soviet thrusts. However, as a consequence of increased demands on U.S. resources resulting from a military defense program that may require expenditures at a rate of \$50 billion a year, claims on U.S. resources for foreign aid have been limited to programs that will meet most urgent and immediate needs. These programs have therefore been restricted to those fulfilling three broad purposes: (1) investment to increase the production and facilitate the distribution of critical materials directly needed for defense, (2) aid to strengthen the defense effort of our allies, and (3) aid to enable governments which are or can be expected to become friendly members of the free world to win the confidence and support of their own peoples as a solid foundation for political stability and national independence. To reduce the drain on U.S. resources, aid programs have been held to the minimum believed necessary to effect these purposes.

2. The basic task in Europe now is to build up the combined defenses of the European nations without seriously endangering thereby their economic strength. All U.S. military end-item and economic aid to assist in achieving this objective is included in Annex I. However, certain countries are not directly associated with the defense program for the NAT community but nevertheless will require continued economic aid to sustain their economies. These include, at least in fiscal 1952 the following countries: Austria, Greece, Iceland, Ireland, Sweden, Trieste and Turkey. Aid for this latter group is included in Annex II. U.S. aid will also be needed in support of European international economic institutions such as the European Payments Union, the Schuman Plan, and the program of trade liberalization. The total aid figures in Annex I and in Annex II for O.E.E.C. countries include such funds as may be required for these institutions although the specific amount needed for this purpose has not yet been determined.

3. The primary task in other areas is to assist them to make progress

†Economic aid requirements for European NAT countries and Western Germany are given in Part A of this annex. [Footnote in the source text.]

⁸Not reproduced herein.

toward meeting the aspirations and demands of their people for the satisfaction of their basic needs, to enable the governments thereby to command allegiance and support, and to maximize the output of materials essential to the continued strength of the free world.

4. In determining whether and to what extent to provide U.S. Government assistance in any given area, account has been taken of aid likely to be made available by the IBRD and other sources, and of increased dollar earnings that should result from expanded U.S. imports, upward price movements, and U.S. troop expenditures abroad. Aid has been scheduled in the form of U.S. Government loans for development projects normally regarded as bankable where it appears that recipients can carry additional dollar debt. Aid has been scheduled in the form of grants for technical assistance projects, including associated supplies and equipment required to make the technical assistance projects effective. In certain exceptional cases, grant aid has been scheduled for capital investment projects as well. This has been done only in the case of countries of great strategic importance to us, for which loans and investments cannot be contemplated in the near future and which, in the absence of certain capital goods, would experience rapid economic deterioration and political instability.

Making available funds for carrying out the foreign aid programs outlined below will not in and of itself achieve the foreign policy results desired. It will be necessary that the essential supplies, many of which may be in short supply, be assured both for shipment under the aid programs and for shipment for essential purposes where the foreign countries themselves are able to furnish the necessary funds. To accomplish this purpose as well as to minimize the drain on the U.S. economy in the form of non-essential exports careful examination will be necessary of the scope of our export controls and the policies under which they operate.

[Here follows Table 3, "Actual and Anticipated U.S. Government Grant and Loan Aid."]

NOTES ⁹

Western Europe: The estimates for Western Europe are still in discussion among ECA, the Department of Defense, and the State Department.

Yugoslavia: Yugoslavia's disaffection from the Soviet Bloc has subjected her economy to severe strains because of abruptly severed trade relations with Cominform countries, heavy defense expenditures, and the greater need to succeed as a Communist state in rapid indus-

⁹ These notes accompanied Table 3.

trialization. It is in the U.S. interest that Yugoslavia remain outside the Soviet Bloc and maintain a viable economy.

To assist Yugoslavia to overcome the effects of the recent severe drought, grant aid of \$64 million will be needed for expenditure in fiscal 1951. However, because certain government agencies are providing immediate food relief for Yugoslavia out of their existing appropriations, Congress will be asked to appropriate only \$38 million. It is possible that, in consequence of the drought, further grant funds will be needed in 1952.

The IBRD rather than the Eximbank is expected to provide further loan funds for Yugoslavia's economic development.

Latin America: The program of economic assistance which is projected for Latin America is primarily one of production for defense purposes. The objectives are to increase the availability of critical materials which the U.S. will need for industrial and defense output, to maintain production of food and other items at a level adequate to meet the essential requirements of western Europe from this traditional source of supply, and to develop production which will minimize the dependence of Latin American States on imported food and other essential supplies in case of emergency. In addition, it will be necessary to speed up the construction of the Inter-American Highway. . . .

Increased U.S. procurement and higher raw material prices will increase Latin America's dollar receipts and her capacity to service further dollar debt. Consequently the major part of U.S. assistance to Latin America is scheduled in the form of loan aid (largely for transportation, fuel and power facilities). It is estimated that Latin America will require foreign capital for investment at a rate of about \$350 million a year, of which the International Bank may be able to finance about \$125 million a year, leaving about \$225 million a year for U.S. Government loans.

Grant aid for Latin America includes \$64 million over four years for completion of the Inter-American Highway, and about \$28 million a year for an expanded technical assistance program, with particular stress on aid to increase indigenous food production.

Japan and the Ryukyus: The estimates of budgetary requirements for Japan and the Ryukyu Islands represent, for fiscal year 1951, funds actually made available for obligation; for fiscal year 1952, figures recently submitted by the Department of the Army to the Bureau of the Budget; and for other years, tentative projections by the Department of the Army.

The assumptions underlying them, particularly those relating to Japan's foreign trade prospects, are on the whole conservative. Should her foreign exchange earnings exceed the estimates, however, the

more favorable economic position that would result from the projected level of aid in fiscal year 1952 would not be inconsistent with objectives of U.S. policy toward Japan.

The Defense Department is considering a partial pay-as-you-go arrangement to begin on July 1, 1951. If that arrangement is established, it would obviate the need for any GARIOA appropriation for economic aid to Japan, although GARIOA funds for administrative expenses and the reorientation program might continue to be needed.

South East Asia (including Formosa): The objective of U.S. aid is to strengthen the present moderate and Western-oriented governments in this area, to increase internal support for these governments, and to give effective evidence at the grass roots of U.S. Government constructive interest in the local welfare.

The amount of aid actually required will depend on the direction and pace of current political and military developments. The estimates assume that there will be no serious political degeneration in the countries concerned and that those countries which are now suffering military and guerilla operations will become gradually pacified.

The grant aid program for STEM countries is substantially a continuation of the program recommended by the Griffin Mission and recently initiated under ECA. It embraces rehabilitation and development projects with strong emphasis on technical assistance and associated supplies and equipment for direct implementation of technical assistance projects, as well as consumer goods needed to raise local revenues for rehabilitation projects without embarrassment to the fiscal systems of the countries concerned. The projects cover a wide range, but particular emphasis is placed on health, agriculture, and transport.

U.S. Government loan assistance is provided for longer-term capital investment projects in Indonesia and Burma which have capacity to service further indebtedness. Thailand's needs for long-term capital investment will probably be met by the International Bank. Malayan needs should logically be the responsibility of the U.K.

The estimates for Formosa are projected on "as is" assumptions regarding Formosa's membership in the free world, its present status, and its military burden. The general political outlook in the Far East and the fact of U.N. consideration of Formosa's further status render the latter two of the above assumptions highly speculative. Aid estimates now prepared for Formosa taper off in the later years, reflecting the assumption that increased productivity would enable the island to carry a greater portion of the burden resulting from a high level of Chinese military expenditures.

Korea: The studies of the damage to and requirements of the Korean economy in consequence of the hostilities have not been com-

pleted, and it will be many months before reliable figures can be obtained.

Estimates thus far compiled by ECA indicate that the total cost of foreign aid for reconstructing and restoring the Korean economy would be somewhat less than \$1 billion. The capacity of the Korean economy to absorb imports requiring foreign financing is probably limited to \$150 million per year. The absorptive capacity would be greater in the initial years, however, since a substantial portion of total requirements is for relief-type goods. The annual costs set forth are projected only through fiscal year 1955, but assistance beyond that date may be required if the country is to become self-sustaining.

It is assumed that the U.S. will bear 65 to 70 percent of the costs of a United Nations program.

Philippines: The payments and expenditures of the United States in the Philippines have supported the economy of that country since liberation from the Japanese forces. Without such assistance the large trade deficit and budgetary deficit would have resulted in a serious economic crisis and inevitable large-scale support of the Communists. However, a substantial part of U.S. aid funds was made available to meet war damage claims and consequently was not used in such a way as to encourage increased production. The program projected above is designed to assist in the development of resources of the Philippines required to achieve viability and stability which are essential if the Philippines are to resist Communist pressure.

A minimum program designed to achieve viability will have to be based primarily on agricultural development but some increase in industrialization is justified. Among the principal goals of such a program would be (a) self-sufficiency in rice, corn, fish, vegetables and fruit; (b) increased sugar production for export to at least the U.S. quota total level and abaca production to the 1940 level; (c) modernization of selected mines and determination of location and extent of mineral resources; (d) expanded facilities for processing ores, wood and agricultural products; (e) expanded hydro-electric power for the production of nitrogen fertilizer and for other purposes; (f) expansion of small-scale industry, and (g) improvement of general and vocational education and further improvement of public health to the extent required to provide the basis for economic development. In addition, if any economic development program is to proceed with reasonable prospects of success in the Philippines, it will be necessary that (h) the Government's budget be balanced by raising revenues substantially, and (i) that popular support among the agrarian population be enlisted by improving agricultural credit facilities, providing for land resettlement and redistribution, etc.

There is no immediate prospect of any substantial flow of private capital into the Philippines and it would appear that the economy is not strong enough to support loans for the minimum development required to achieve viability. With grant funds available for this purpose over the next few years, it is considered that public loan capital and private equity capital could then start to flow into the Philippines to support the type of development required for long-term stability.

New Zealand: New Zealand is not a member of the International Bank and will probably need Eximbank assistance to expand productive capacity. Aid to New Zealand is aid in the common defense effort.

Near East: This area because of its location for international transportation and its oil production is of vital importance to the U.S.

Iran is more insistently under the pressure of Soviet proximity and interest than perhaps any other country. There is ferment and unrest in the neighboring Arab States. Immigration into Israel of Jews presently residing in Moslem States continues unabated and with it heavy economic burdens for the State of Israel. In addition there remain several hundreds of thousands of unsettled Arab refugees from the war between the Arab States and Israel.

The U.S. is already committed to assist in the resettlement of Arab refugees. In the case of Iran, it is desirable that the U.S. render effective assistance as tangible evidence to the government and the people of American interest in the preservation of the country's independence and to strengthen both the ability and the will to resist Soviet aggression and communist subversion. It is necessary in the Arab States to provide assistance that will give some forward momentum to these static economies. In the case of Israel, it is in the U.S. interest that this new State receive the technical and financial aid which it will need to cope with its many difficult problems and discharge its international responsibilities.

In addition to aid for the settlement of Arab refugees, the grant aid scheduled for this area is intended to cover the cost of an enlarged program of technical assistance and associated supplies and equipment, ranging from specific projects at the village level for the improvement of health, sanitation and education facilities, training in agricultural techniques and the provision of seed, tools and fertilizer, to broad survey and diagnostic missions.

Loan assistance is provided for capital investment projects in Israel, Iran, Lebanon, Saudi Arabia and possibly Egypt. (It may become necessary to increase the grant component for the Near East area if Iran is unable to secure loan assistance for necessary development projects.)

Africa: The bulk of the assistance for this continent is intended for the African dependent territories. The purpose of both the grant and loan aid is to expand and develop the production of strategic materials and associated improvements in transportation, power and port facilities, as well as indigenous food, fiber and other essential raw material production so as to increase and maintain the internal economic development of the African territories and their contribution to the Western European economies. The program is a continuation and expansion through the years 1952-55 of activities already underway in the ECA.

Western Europe's 1949 imports from overseas dependencies, largely in Africa, amounted roughly to about \$2.5 billion in value. U.S. imports from these areas come to about \$400 million in value. Raw material and food exports from these territories included rubber, palm oil, sisal, hemp, hides and skins, cork, copra, vegetables, fruits, cereals, sugar and dairy products.

It is anticipated that the aid will be made available through and in cooperation with the European colonial powers. If carefully administered the program should contribute not only to the objectives cited above but should also have the effect of increasing employment, productivity, and economic and political stability throughout Africa.

Aid has been scheduled in the form of loans to the extent that loan aid appears feasible.

Small amounts of aid have been scheduled for the independent countries of Africa, largely for technical assistance.

South Asia: The situation in the Indian Sub-Continent is one involving *de facto* economic deterioration to date and the prospect of continuing future deterioration as population growth outruns prospective increases in productivity. Continuing future deterioration appears inescapable unless external aid can be injected to reverse the trends that are now so clearly discernible. Reversal of these trends is an imperative vital interest of the U.S. India and Pakistan are of determinative importance in the pattern of Asian political relations. The present governments of India and Pakistan are moderate in policy and friendly to the West, and they continue to command the support of the wide majority of their people. However, support is giving way to apathy, and organized parties on the extreme right (fanatic religious groups) and the extreme left are gaining strength as economic conditions continue to deteriorate. These adverse political and economic trends might be arrested now by a U.S. aid program, directed primarily toward improvement in agricultural productivity. If these adverse trends are allowed to gain strength, however, a situation might be created which—like that in China—could only be redressed through an effort lying beyond our capabilities. An aid program should also

serve to demonstrate our interest in the welfare and aspirations of the people of this area and thereby tend to align them more closely with us in the face of Communist threats or blandishments.

The program proposed is about half of the deficit not covered by other sources envisaged by the countries concerned in connection with the development plans put forward at the Columbo Conference. While it will not support these plans in full, it will give impetus to the process of economic development in those countries.

It is not supposed that the aid program as scheduled for this area would of itself bring about significant increases in living standards. It is hoped, however, that beyond the arrest of economic deterioration and consequent political instability during the next few critical years, the recipient countries at the end of such a program would have established an environment that would encourage a maximum utilization of domestic savings and a reasonable flow of outside investment capital for further developmental activities.

Technical Assistance: The estimates represent the anticipated contribution of Point IV funds to the UN Technical Assistance Program, the OAS and other international organizations.

APPENDIX TO ANNEX No. 2

THE ECA INFORMATION PROGRAM†

(Prepared by the Economic Cooperation Administration)

The Economic Cooperation Administration has been instructed by Congress (Public Law 535—81st Congress)¹⁰ “to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source and character, furnished by the American taxpayer.”

The Economic Cooperation Administration is therefore charged with a direct responsibility for conducting a foreign information program with regard to one specific aspect of the foreign policy of the United States. The great majority of its information work consists of thoroughly informing the people of the Marshall Plan countries of the achievements and objectives of the Plan.

While conducting this information program, the Economic Cooperation Administration, in order to promote the success of the Marshall Plan, is involved in many aspects of the international information program carried on by the Department of State. It particularly is involved in information designed:

†See also Annex No. 5. [Footnote in the source text.]

¹⁰ The Foreign Economic Assistance Act of 1950 (64 Stat. 198).

a) To promote will and energy on the part of peoples whose governments are recipients of Economic Cooperation Administration's assistance,

b) To promote understanding of the nature of Soviet Communism and to encourage attitudes hostile to it in the countries involved,

c) To promote through the exploitation of traditions, loyalties, hopes and fears the closer economic association of the nations of Europe,

d) To promote a sense of urgency and sacrifice for the cooperative and collaborative defense of the free world.

The foreign information program of the Economic Cooperation Administration has been, and still is most vigorously conducted in the sixteen countries of western Europe which are recipients of Economic Cooperation Administration assistance. Foreign information services are being developed in the countries of Southeast Asia where the Economic Cooperation Administration is administering programs.

From the beginning, the Economic Cooperation Administration has decentralized the operations of its foreign information program. The largest information operation is in the Office of the ECA Special Representative in Paris. That office assists the Mission information officers, particularly those in countries without counterpart funds or which are backward in informational media techniques. It also functions on a Western Europe-wide basis to produce, in the various media, materials showing the overall achievements and objectives of the Marshall Plan in all the Western European members.

The ECA Mission in each participating country has an American information officer, generally one or two assistants, and a high-quality local staff composed of nationals (generally ex-newspaper and radio men) of the country concerned.

The ECA has also operated on the principle of vigorous participation by indigenous governments and peoples. It has paid close attention to organized labor in Europe, especially in countries like France and Italy where the Communists still control the largest labor confederations. It has labor information officers in the majority of the Missions.

ECA produces the bulk of its information materials in the country in which it is operating and distributes these through its own facilities, the facilities of the United States Information Service and indigenous channels. It employs all media—press, radio, exhibits, movies, contests, sound and projection trucks, wall posters, toy balloons, leaflets, booklets, games, signs on ECA projects and even troubadours in Sicily.

In conformity with NSC 59/1,¹¹ the ECA foreign information pro-

¹¹ NSC 59/1, a report by the National Security Council, March 9, 1950, on "The Foreign Information Program and Psychological Warfare Planning," is not printed.

gram is coordinated with other foreign information activities of the United States Government in support of national objectives. Policy coordination is assured through the participation of the representative of the ECA on the Interdepartmental Foreign Information Organization. It is further assured by the activities of committees set up in the capital of each nation in which the ECA is functioning. These committees consist of the Public Affairs Officer, the ECA Information Officer, the ECA Labor Information Officer, an administrative officer of the ECA Mission and an administrative officer of the Embassy. Their task is to discuss the information activities of USIS and ECA in that country and to work out joint projects where possible. Such joint projects are financed with ECA counterpart funds.

The ECA Information Officer is required to provide ECA Washington with usable material—press and magazine stories, radio programs and movies—which can be circulated on this side so that the American taxpayer may know what becomes of the money he contributes to the Marshall Plan.

About fourth-fifths of the cost of ECA's overseas information program is paid from counterpart funds.

[Here follows Annex No. 3, "The Civil Defense Program," prepared by the National Security Resources Board.]

ANNEX NO. 4¹²

THE UNITED STATES STOCKPILE PROGRAM

(Prepared by the National Security Resources Board)

1. The stockpile program is intended to provide the United States with strategic and critical materials essential for the prosecution of a 5-year war. Stockpile objectives are the difference between essential wartime requirements on the one hand and wartime U.S. domestic production and imports from accessible sources on the other.

2. These estimates are based on information developed by inter-agency commodity committees and approved by the Interdepartmental Stockpile Committee on which are represented State, Interior, Commerce, Agriculture, ECA, GSA, and Munitions Board, and to which the Resources Board, Budget, AEC, Army, Navy, Air Force, and RDB send observers.

3. Due to the changes in the current military program and an anticipated acceleration in current military procurement over and above that contemplated in the September version of Annex 1,¹³ although no change is expected in the objectives, it will be necessary to revise the

¹² Dated December 7, 1950.

¹³ Not printed.

phasing of stockpile objectives. The stockpiling program as presented here is intended to be kept flexible and can be readily revised as to phasing to reflect changes in current requirements, material on hand, materials available, and strategic assumptions. It should be noted that the actual rate of acquisition of stockpile materials is the subject of constant study and review. Changes may be made in the acquisition rate of various materials from time to time depending upon current availability weighed against demand of the current military and war-supporting requirements.

3. [*sic*] In addition, stockpile objectives themselves are undergoing constant review, particularly in the light of such questions as substitution of other less critical materials, tests of necessity, and changes in military specifications. As results of the above studies become available, stockpile objectives themselves are subject to the possibility of change, upward or downward. The program presented here is the best considered opinion of all those concerned of what is essential and required for our defense preparedness.

4. Estimated requirements for funds include only those necessary for the acquisition of materials, and do not include expenditures for administration, handling, storage, and rotation. They are based on the following assumptions:

(a) General war may start at any time. For the sake of planning, however, June 30, 1954 is taken as the date by which minimum stockpiles must be on hand physically within the continental United States. (The more materials stockpiled before 1954, the greater the national security. However, for some few materials, it will be physically impossible to complete stockpiles by 1954.)

(b) September 30, 1950 price levels (for purposes of comparison; funds and expenditures on June 30, 1950 levels are also included).

(c) Effective controls as authorized by the Defense Production Act of 1950 to channel strategic and critical materials to military programs; essential war-supporting programs, and the national stockpile.

5. Overall dollar figures are given below, and quantitative details for eleven of the most important materials are in the attached table. About 70 materials are being stockpiled.

(a) The acquisition of minimum stockpile objectives by mid-1954 will require, at September 30, 1950 prices, the appropriation of \$4.1 billion new obligational authority, in addition to authorizations that have already been enacted. These funds will be obligated and expended in accordance with the following schedule:

| | FY '51 | FY '52 | FY '53 | FY '54 | After FY '54 |
|-------------|---|--------|--------|--------|-----------------|
| | (Billions of Dollars—September 30, 1950 prices) | | | | |
| Obligation | 1.8 | 1.0 | 1.0 | 0.3 | |
| Expenditure | 0.2§ | 1.6 | 1.0 | 0.8 | 0.5 |

§See par. below. [Footnote in the source text.]

6. At September 30, 1950 prices, and with present authorizations, the stockpile has \$2.0 billion worth of materials on hand, \$1.5 billion worth financed for delivery after fiscal year 1951.

7. At June 30, 1950 prices, and with present authorizations, the stockpile has \$1.7 billion worth of materials on hand, \$1.3 billion worth financed for delivery in fiscal year 1951, and \$0.3 billion worth financed for delivery after fiscal year 1951.

[Here follow two tables indicating proposed acquisitions of major items from Fiscal Year 1951 through Fiscal Year 1954 and after.]

ANNEX No. 5

THE FOREIGN INFORMATION PROGRAMS ¹⁴

(Prepared by the Department of State)

[Here follow Table A, "The Information and Educational Exchange Program," and Table B, "Other State Department Information Programs."]

1. *The Task of Information and Educational Exchange.* The frustration of the design of the Kremlin will result primarily from concrete decisions taken and vigorous measures executed in the political, military and economic fields by the people and the governments of the free world under the leadership of the United States. The task of the United States foreign information and educational exchange programs is to assure that the psychological implications of these actions are, first, fully developed and second, effectively conveyed to the minds and the emotions of groups and individuals who may importantly influence governmental action and popular attitudes in other nations and among other peoples.

2. *The Basis of Cooperation and Resistance.* Governmental action and popular attitudes will be influenced along lines favorable to the achievement of United States objectives through recognition of the interests shared by the people and the Government of the United States and other governments and peoples. The Charter of the United Nations reflects these basic interests.

Recognition of common interests does not require agreement with regard to religious practices, cultural traditions, social forms, political institutions or economic arrangements. The United States is bound by its principles to respect differences between its own internal arrangements and those of others.

The United States and other peoples and nations share common interests which information and exchange programs can cultivate, in:

a. National freedom, including both the desire for recognized status in international affairs and the desire to maintain characteristic indigenous cultures.

¹⁴ Additional documentation on this subject is scheduled for publication in volume iv.

- b. Peace and security against external aggression.
- c. Social advancement, economic progress and human welfare, under governments responsive to popular aspirations.
- d. Effective international relationships to serve these ends.

Identity of interest among the nations and peoples of the free world will not be meaningful as an abstraction but only as revealed in the daily life of groups and individuals. It must be regarded as an invigorating and heartening factor in their efforts to achieve freedom, opportunity and security.

These shared interests provide a psychological basis both for constructive collaboration among peoples and nations and for creating and maintaining resistance to Soviet Communism.

3. *The Development of Psychological Resistance.* The development and maintenance of psychological resistance to the design of the Kremlin calls for continuous and highly detailed exposure of the ways in which Soviet Communism threatens the interest shared by other peoples and nations. These may be revealed in the contradiction between the deeds and the words of the Kremlin, between the ideals proclaimed abroad and the conditions of poverty, oppression and terror prevailing within the Soviet Union and its satellites and between the professions of peace and the facts of massive armed force and of imperial aggression. By concrete example of what Soviet Communism has done within its orbit and intends to do wherever its agents seize authority, the myth can be destroyed that it stands for national freedom, international peace, social progress, economic development and human betterment.

Exposure of the nature, the intentions and the capabilities of the Soviet Union is part of a program to induce peoples and nations outside its sphere:

- a. To face up to the fact that Soviet Communism is the implacable enemy of all free nations and peoples and of their common aspirations.
- b. To participate in effective actions to deter or, if necessary to repel direct or indirect aggression by the Soviet Union and its satellites.
- c. To sacrifice leisure and comforts in order to resist Soviet Communism.
- d. To maintain efficient governments, stable economies and the disciplines required to support resistance to Soviet Communism.
- e. To prevent the infiltration of agents of Soviet Communism into the armed forces, the government, labor unions, educational institutions, press and radio and other key organizations and to bring about the elimination of those already in such positions.
- f. To cooperate with other nations and peoples in a spirit of accommodation for mutually desired ends.
- g. To carry on these actions for as long as necessary to frustrate the design of the Kremlin.

The United States will be unrealistic if it expects all peoples and all nations outside the sphere of the Kremlin to respond in the same way and to the same extent to the stimuli of shared interests. Nations and peoples have interests additional to these shared with the United States; these will also shape their attitudes and govern their actions. Propaganda that fails to take account of this diversity in the world will not only misrepresent United States policy but over-reach itself. In some cases, political, economic, and military considerations will require that propaganda endeavor to bring about as full as possible correspondence between the commitments and the actions of another nation or people with the commitments and the actions taken by the United States. In others, the United States can afford to be satisfied if the other nation or people only decline to associate themselves with the Soviet Union.

The peoples under the domination of the Soviet Union are potential allies whose hope for ultimate liberation should be nourished This is particularly true of intellectuals in governments and out, of many in the armed services and of a large part of the peasantry. To the degree to which, while refraining from premature action, they identify their interests with those of the free world, the internal structure of Soviet Communism will be weakened, its controls strained and its aggressive possibilities restricted. Combined with the knowledge that the United States and its associates are building military strength capable of defending the free world against Soviet aggression, the knowledge that the people of the USSR and its satellites are unreliable subjects might incline the Kremlin eventually to choose courses of accommodation that would avoid a war threatening its own power and the security of the motherland.

4. *The Development of a Sense of Urgency.* In the situation that now exists, the development of psychological resistance must, to contribute effectively to defending wide areas of freedom against aggression and occupation, take place within a relatively short time. To accomplish this, information programs must expose and explain the relationship of Soviet military capabilities to the aggressive nature and intent of Soviet Communism. Careful consideration should be given to making public at an appropriate time the atomic capabilities of the USSR.

5. *The Development of Confidence and Hope.* Effective psychological resistance to Soviet Communism cannot, however, be expected to grow and to flourish as the result solely of arousing hatred of its intentions and fear of its capabilities. Hatred and fear alone may inspire, not stubborn and active resistance, but a withdrawal into "neutralism" and a resignation to despair. A hardy psychological re-

sistance must rise from, and constantly refresh, confidence and hope.

Confidence and hope in the future will be inspired in other peoples to the degree that they are convinced, emotionally and intellectually, that:

a. The means of accomplishing a successful military defense against Soviet aggression are or will shortly be at hand.

b. The frustration of the design of the Kremlin will advance their legitimate aspirations, notably the achievement of national freedom and a large degree of economic independence.

c. Their right to share in shaping the future will not be measured only by their material capabilities but by recognition of their cultural traditions, indigenous institutions and national character.

d. They are regarded as full partners in a common undertaking.

e. The endeavor to frustrate the design of the Kremlin is not an effort to maintain or to restore a *status quo* but is a step in the development of evolutionary arrangements among and between nations giving an enhanced degree of political stability, economic progress, social development and international order.

Although Soviet Communism currently is the greatest threat to the fulfillment of the legitimate aspirations of peoples seeking freedom, many of the conditions against which free nations and peoples are obliged to contend did not originate with any particular system but have been exploited by Soviet Communism for its own advantage.

6. *The Role of the United States.* The degree to which other peoples and nations develop and maintain confidence in themselves and the free society of which they are or hope to be a part will depend in critical measure upon their confidence in the United States. Circumstances and events have thrust upon the United States leadership in world affairs. The role is difficult and uncomfortable. It requires patience and self-restraint. Its rewards are not invariably understanding, much less gratitude. The United States cannot escape the responsibilities of the role, but it can and should avoid being arbitrary, domineering and condescending. It should endeavor to speak through deeds as well as by words. It should desire that others than itself advertise its virtues. It should seek to exercise authority through willing concurrence rather than enforced compliance.

To inspire confidence in its own intentions and capabilities, the United States must convince other peoples and nations that:

a. It regards the arming of itself and the free world as the shield behind which it pursues its objectives of safeguarding freedom, maintaining peace, furthering human welfare and bulwarking international order.

b. It does not regard war with the Soviet Union as inevitable.

c. It is not in its character to wage aggressive or preventive war, although it will resist aggression with vigor, resource and will and with confident assurance of ultimate success.

d. All its actions in the international field are in conformity with the principles of the Charter of the United Nations.

e. The United States always stands ready to consider in appropriate forums concrete proposals put forward by the USSR which contain any promise of diminishing international tension and which do not involve compromise of the basic principles of the United States and the free world. At the same time, the United States believes that general discussions with the USSR will be fruitful to the extent that the United States and the free world possess strength on a scale providing authority and flexibility in negotiations.

f. It has the will and the means to make hard decisions and execute necessary plans at sacrifice and cost without creating political or economic instability.

g. Notwithstanding necessary partial curtailments of assistance for purely economic purposes, it regards the development of strong indigenous economies in other areas of the world as an indispensable element in its foreign policy.

h. It has no imperial ambitions.

i. It contemplates the wide distribution of power in the world among peoples and nations, large and small, all responsive to suitable and effective international authority.

j. It is determined that in building up its military strength it shall not undermine its basic principles, its respect for individual liberty, its hatred of political oppression, its opposition to totalitarian practices, its love of justice.

The people and the Government of the United States can not fail to be aware that, in the future even more than in the past, their reliability, their character and their devotion to sound principle will be judged not only by what they do directly in the name of foreign policy but also by how they manage their affairs and deal with each other in their domestic relations. Other peoples will not be impressed only by factories put into operation in the United States and armed forces created. They will also be impressed by the quality of the educational system, the support given to cultural institutions, the rise or fall of crime rates, the measure of social justice for various groups and individuals, the degree of self- and group-discipline shown in the pursuit of the national purpose and by other tests of the vigor and scope of the nation's civic virtue.

In order to correct constantly recurring misunderstanding and misconceptions about the United States, which are often more damaging, particularly among basically well-disposed foreign peoples, than the lies of Soviet propagandists, the need continues for making widely known abroad the nature of the people, the history and the institutions of the United States. The objective is not to boast the virtues of the United States or to induce other peoples to adopt its institutions, political, economic or social. The objective rather is to create understanding of how Americans live and work, how richly various is

their society, how their institutions function and what are the goals of the national life. Such understanding is an essential basis for the judgment of other peoples of the character of the decisions now taken and the actions flowing from them.

The confidence and hope that the United States can communicate to other peoples and nations can only be as great as their confidence in themselves and their hope for their own future. In view of the demands that are now to be made upon them, they are entitled to:

a. As full revelation of the facts concerning the peril in which they and the rest of the free world stand as considerations of military security will permit.

b. A thorough exposition of the reasoning behind the program for a build-up of strength.

c. Continuous information concerning the progress of the program and its impact on the world.

d. Maximum care in the formulation and coordination of official statements so that these contribute neither to confusion at home nor to the propaganda advantage of Soviet Communism abroad.

7. *The Instrumentalities.* Statements by the President, the Secretary of State and other responsible civilian and military authorities, the utterances of congressional leaders and private citizens, declarations by leaders of friendly nations and peoples in the United Nations and elsewhere, together with concrete actions taken in the political, diplomatic, military and economic field will constitute much of the content of the information programs. The wide diffusion, correct understanding and meaningful impact of these statements and actions will require:

a. Concentration of effort in the psychological field within nations and among peoples that are

(1),

(2) possible targets of forceful aggression by Soviet Communism,

(3) under constant harassment by the propaganda and the agents of Soviet Communism,

(4) vulnerable strategically and psychologically,

(5) sensitive because of internal conditions to communist propaganda.

b. Concentration of effort on those groups and individuals having the greatest influence over governmental action and popular attitudes.

c. Determination of the media—radio, press, motion pictures, books and the exchange of persons—most effective in reaching these target groups and shaping their use to assure the utmost impact.

8. *The Target Areas.* Nations and peoples will shift from one category to another as the international situation itself changes. Thirty-seven nations and areas in Europe, the Far East, the Near

and Middle East and Latin America are now considered to require urgent attention. Only eight nations, for the most part in the Western Hemisphere, are now considered to require no special attention. The remainder fall into categories between these two.

9. *The Target Groups.* The groups and individuals deemed to have the greatest influence in these areas vary with prevailing political institutions, social forms, cultural traditions and educational levels. Where governmental power is largely controlled and transmitted by authoritarian devices, intellectuals and governmental officials constitute the most important targets. In areas in which political power has passed largely under popular control, these groups are still important for the influence, disproportionate to their numbers, that they wield in the press, the universities and the council chambers. At the other extreme, the power and influence, if only passive, of the peasantry and the urban proletariat, even in areas where illiteracy is high and popular government does not exist, must be taken into account. A given population will most effectively and most practically be reached through concentration on those elements broadly representative of it. Labor and youth are groups newly emerging in power and influence in many areas; they are also groups whose attitude may determine the character of national action in a time of crisis. They therefore have a special importance, and they represent roughly half of the groups on which especial effort is to be concentrated in all areas.

10. *The Choice of Methods and Techniques.* The sharp definition of the target areas and target groups calls for equally sharp focusing of the available media—radio, press and publications, motion pictures, books and other cultural materials and the exchange of persons—on those targets.

Because radio broadcasting, despite jamming, is the only medium now capable of reaching large audiences inside the Iron Curtain, the rapid construction of relay and transmitting facilities enabling broadcasts to be heard on medium as well as shortwave is essential. In order to reach important segments of the population in critical areas, broadcasting languages will be increased to include tongues and dialects prevalent in the Soviet Union and Central Asia. In addition, small low-cost receiving sets are to be distributed by appropriate agencies behind the Iron Curtain and in areas outside it, notably Korea, where sets are few.

The full potentialities of other media will be similarly developed. Emphasis in the field of publications will fall on the production of leaflets, pamphlets, picture books and magazines specifically designed to appeal to youth, labor, community leaders and intellectuals. Filmstrips, posters and pictorial exhibits and displays will be directed at

the same audiences. By arrangement with the motion picture industry, newsreels will be produced for and widely distributed to foreign exhibitors, and equipment will be made available for the wider showing of documentaries produced by the Government. The exchange of persons program involves bringing upwards of three thousand individuals to the United States annually, with heavy emphasis on labor leaders, youth groups, professional and community leaders and public officials. Additional information centers will be established, especially in small communities, and efforts will be made to encourage and to support comparable indigenous centers. The impact of these centers will be increased by the wide distribution of books translated from English, assistance and support given to the teaching of English and the distribution of books and other cultural materials to indigenous institutions.

These undertakings will be fully effective only if they are carried out with close regard for local interests, tastes, prejudices and habits. Hence, programming and production will be carried out largely in the field, with the assistance of highly qualified local personnel under competent American supervision. This applies to pamphlets, leaflets and exhibits, to the production of local radio programs, to the local production of films, to the management of information and community centers, to the translation of books and to arrangements for the exchange of persons.

No less important is the consideration that a point can quickly be reached at which overt official propaganda becomes self-defeating. Even the friendliest government and people will not welcome or long support a heavy influx of information materials and personnel bearing the label of the United States Government. A basic consideration therefore is that to the maximum possible extent the production and distribution of information materials and the conduct of information activities should be carried out by indigenous personnel and indigenous institutions. This means the maximum utilization of local personnel, the provision of equipment and materials to indigenous organizations, including governments, and the encouragement and support of bi- and multi-national indigenous bodies. It involves full cooperation with and support of the information activities of like-minded governments, of such regional organizations as the North Atlantic Treaty Organization and of the United Nations. In the exchange of persons, it means that maximum cooperation should be sought from labor, business, civic and other community organizations in the United States for the reception and care of foreign visitors.

11. *Investigation and Research.* The penetration of the Iron Curtain presents a special problem. A group of social and natural scientists

have already been engaged to investigate every possible method of getting information into the Soviet world. This investigation will include every scheme thus far put forward, no matter how unlikely or unprofitable it may appear to be. Included in their tasks, but by no means confined to this one problem, will be a thorough exploration of all possible means to combat the Soviet jamming of VOA programs.

The studies normally carried on concerning the effectiveness of various media and various propaganda themes are to be supplemented by regional investigations involving not only the basic aspirations of other peoples, but also the symbols to which they respond.

12. *Allocation of Funds.* By far the larger part of the projected appropriations will be utilized for the construction of broadcasting facilities designed to increase the range of the broadcasts and the ease of their reception, the establishment of local production centers and the staffing of them with competent highly qualified local and American supervising personnel and the expansion of USIE staffs, particularly by the addition of personnel skilled in developing fruitful relationships with priority target groups and of producing materials and programs of special interest to them.

The expansion of physical facilities, particularly the relay bases and medium-wave transmitters abroad, will take place on a large scale in 1951 and 1952 and will come to its peak early in the fiscal year 1953, at which time the information programs will have at their disposal facilities and equipment capable of meeting the now fore-seen demands upon it. The rate and extent of the development of the information and educational exchange programs to meet the requirements of the existing situation will depend upon the removal of restrictions and conditions that now prevent maximum operational flexibility and the granting of certain additional authority. The radio facilities expansion proposed requires the successful solution of the problems, one, of obtaining necessary frequencies by a review of present and projected facilities; two, of acquisition of sites for overseas relay bases; three, of obtaining within the Government suitable priorities for research and intelligence.

13. *Coordination Within the Government and with Other Governments.* The effective execution of these programs will require extensive coordination within the Government and with other governments. The organization established within the Department of State pursuant to NSC 59/1 provides a mechanism for coordination among the Department of State, the Department of Defense, the Joint Chiefs of Staff, the Economic Cooperation Administration and the Central Intelligence Agency in international informational

matters.¶ The establishment of the information section in the North Atlantic Treaty Council provides the mechanism for close coordination of the international information activities of the nations parties to this treaty. Coordination between the United States and other governments is provided for in an instruction of the Department of State authorizing close coordination with the Government of the United Kingdom, and other governments as may be agreed, in a broad range of information activity.

Inasmuch as the success of these coordinated activities will require extensive activity in the international information field by all available resources, and particularly by governments other than that of the United States, other governments need to be encouraged to develop and to maintain vigorous international information activities.

Coordination with private agencies in the United States, including a wide range of business, professional, civic, labor and youth organizations and representatives of foreign groups, in the production, utilization and dissemination of materials and in the exchange of persons is carried on in accordance with the provisions of Public Law 402.¹⁵

ANNEX No. 6¹⁶

FOREIGN INTELLIGENCE AND RELATED ACTIVITIES

(Prepared by the Central Intelligence Agency, with the concurrence of the Intelligence Advisory Committee)

1. It is axiomatic that the situation appreciated in NSC 68 and the policy proposed to meet it require the improvement and intensification of U.S. foreign intelligence and related activities, as a safeguard against political or military surprise, and as essential to the conduct of the affirmative program envisaged.

2. The Director of Central Intelligence and Intelligence Advisory Committee have taken and are taking action directed toward the improvement and intensification of foreign intelligence and related activities. For reasons of security, the specific programs undertaken and contemplated, and their budgetary requirements, are not set forth here. It has been determined, however, that even the substantially increased budgets now projected would be inconsiderable in relation to the grand total of the other programs projected in this report.

[Here follows Annex No. 7, "The Internal Security Program," prepared by the Interdepartmental Intelligence Conference and the Interdepartmental Committee on Internal Security.]

¶See also the Appendix to Annex No. 2, The ECA Information Program. [Footnote in the source text.]

¹⁵ Public Law 402, 80th Cong., 2nd sess., the United States Information and Educational Exchange Act of 1948 (the Smith-Mundt Act) (62 Stat. 6).

¹⁶ Dated December 1, 1950.

Policy Planning Staff Files

Memorandum Prepared by the Policy Planning Staff

TOP SECRET

[WASHINGTON,] December 9, 1950.

SUGGESTED OUTLINE FOR DISCUSSION AT THE NSC MEETING, MONDAY,
DECEMBER 11, 1950, 3:30 P. M.¹

1. In an introductory statement the President might say:

a. The military situation resulting from the Chinese intervention in Korea is now considerably clarified.

b. The Attlee talks have given a clearer view of the U.K. position.

c. The President's purpose in calling this special meeting of the NSC is:

(1) to obtain as close agreement as possible on the basic facts of the crisis now facing the United States;

(2) to enable the President to make those decisions necessary immediately and to prepare for the prompt handling of other questions requiring decision.

The President might then call on the Secretary of State for a brief statement of points arising from the Attlee discussions that appear to him to be of greatest significance.

2. Secretary Acheson might then follow with a brief summary

a. Emphasizing the wide area of agreement—

(1) a firm stand in Korea as long as possible and withdrawal only under duress;

(2) no appeasement of the Chinese communists;

(3) no conditions outside of Korea to be attached to any "cease fire" agreement;

(4) continued willingness to talk with and negotiate with the communists;

(5) the necessity of maintaining a vigorous stance in both the Atlantic and the Pacific areas;

¹At the 74th Meeting of the National Security Council, December 11, the following subjects received consideration: the United States position regarding a cease-fire in Korea; the results of the President's recent conversations with British Prime Minister Attlee; and the proclamation of a national emergency. Documentation on the first two subjects is presented in volume VII. For additional documentation on the Truman-Attlee talks, see vol. III, pp. 1698 ff. With regard to the proclamation of a national emergency, the Council took the following action (NSC Action No. 392):

"[The Council]

"a. Discussed the situation the U.S. now faces and certain steps which now appear to be necessary, including the possible declaration of a national emergency and probable Soviet reaction thereto.

"b. Agreed to advise the President that the declaration of a national emergency appears necessary in order to enable the U.S. to take the steps required in the interests of national security.

Note: The action in *b* above subsequently submitted to the President for consideration." (S/S-NSC Files: Lot 66D95: NSC Actions)

- (6) the necessity for moving ahead as rapidly as possible with U.S. and European rearmament;
- (7) procedure for dealing with raw materials problems;
- (8) recognition that the major threat is the U.S.S.R.;
- (9) recognition that the threat from this quarter may be more immediate than we had previously thought.

b. Stressing that apart from our differing views on seating the Chinese communists in the U.N. and on the desirability of limited warfare against the Chinese communists, differences between the U.K. and the U.S. positions were largely ones of emphasis.

c. Concluding with emphasis on the importance of maintaining solidarity with the U.K. because of two considerations:

- (1) geographic position and substantial real strength which the U.K. can contribute to our own defense;
- (2) the influence of the U.K. with the other Commonwealth countries and the rest of the free world generally.

3. The President might then bring up item 2 of the agenda—the situation we now face—and do the following in order:

a. Call on General Bradley for a brief comment on the military situation in Korea.

b. Call on General Smith for a summary appreciation of Soviet intentions, objectives, and probable moves, and the probable imminence of these moves.

c. Ask Secretary Acheson to give any additional comments he might like to make.

d. Ask General Bradley to comment on our military position vis-à-vis the U.S.S.R., this comment to include:

- (1) probable developments during the initial stages were general war to occur in the near future;
- (2) an estimate of the time which would be necessary for an improvement in our general military position vis-à-vis the U.S.S.R.

4. The President might then take up the third item of the agenda—the steps we should take—calling first on Secretary Acheson for an over-all presentation.

5. In making his comments the Secretary might begin with a summary of the preceding discussion of Soviet intention, objectives, and probable moves. (The substance of this discussion might be anticipated to be as given in paragraph 9 of NIE, No. 11, December 5, 1950:² “The Soviet rulers have resolved to pursue aggressively their world-wide attack on the power position of the United States and its allies regardless of the possibility that global war may result, al-

² For text of NIE 11, December 5, “Soviet Intentions in the Current Situation,” printed as a memorandum by the Central Intelligence Agency, December 2, see vol. VII, p. 1308.

though they may estimate that the Western Allies would seek to avoid such a development. Further direct or indirect Soviet aggression in Europe and Asia is likely, regardless of the outcome of the Korean situation.") The Secretary might then proceed in the following order:

A. Main Implication of the Imminent Threat

We are not justified in taking a gamble that the Kremlin is bluffing. The nation should therefore prepare for the contingency of total war with the Soviet Union in the immediate future. If we act with the utmost unity, determination and wisdom the contingency may still be avoided. If it is not, we shall have done our best to prepare for it. We are not morally justified in doing less, for to do less would be to imperil national survival.

B. The Importance of Buying Time if Possible

During the period of military weakness vis-à-vis the U.S.S.R. our basic objective must be to survive with honor and to build a platform from which we can subsequently go on to a successful outcome of the life-and-death struggle in which we are engaged with the Kremlin. We must avoid becoming involved in general hostilities with the U.S.S.R. in our present position of military weakness if this is at all possible without sacrificing our self-respect and without endangering our survival.

C. Domestic Preparedness Measures

(1) It would seem wise to approve immediately as an interim program, the JCS recommendation that the 1954 defense targets should be met as rapidly as possible. It is understood that for most of the program "as rapidly as possible" means 1952 or earlier. In light of the estimate of the Council of Economic Advisers' estimate that such a decision would still not involve a total effort by the United States, urgent consideration should be given to whether there are not additional defense measures which it would be wise to adopt in light of the strategic position of the United States.

(2) We should be prepared to initiate full mobilization at a moment's notice.

(3) In order to get this program under way with the widest possible national support, it will probably be advisable to declare that the Kremlin threat to the security of the United States has created an unlimited national emergency. This would be preferable to a declaration of full mobilization, but if the order for full mobilization were necessary to obtain a maximum effort, consideration should be given to it.

(4) Thorough and continuing joint review of the world political outlook and our strategic military needs should be begun immediately

by the Defense Establishment and the Department of State to the end of achieving the highest degree of coordination between war plans and foreign policy undertakings. The same sort of collaboration as was realized in producing NSC 68 is essential.

D. External Preparedness Measures

(1) So far as possible, Canada and the United Kingdom should fully participate in the accelerated program for building strength.

(2) The United States should not retreat from its commitment to regard aggression against Western Europe (including Berlin) as a *casus belli*. We should be prepared to assist our NATO allies in continental Western Europe to carry out their roles in the Mid-Term Defense Plan to the extent that such assistance will not interfere with the accelerated defense programs of the United States, Canada, and the United Kingdom and with the strengthening of other defendable areas essential to the execution of the strategic plan for war with the Soviet Union. In light (a) of the official declaration by the Soviet Union that it will not tolerate the rearming of Western Germany and (b) of the German reluctance to rearm, we should handle with the greatest care our efforts to organize and train Western German military units.

(3) The United States should take all measures which are necessary and possible to prepare such positions in Europe, Africa, and the Pacific as can be held in the event of war and as are necessary to the execution of our strategic plans. We should seek to adjust our positions in other areas in the light of our capabilities.

(4) The importance to the United States of maintaining unity with its allies is now greater than ever. The degree to which other nations and peoples will be induced to associate themselves and work with us will depend not only upon the material assistance that we may be able to provide them but also upon the steadiness, the calmness and the self-possession that is now shown by the Government and the people of the United States. Allies can be won and held by responsible action on the part of the United States. They can be lost by irresponsible talk and erratic national conduct.

E. Political Warfare Measures

(1) Finally, the United States should develop a strong program of political warfare, for this will be an important and possibly a decisive weapon in a war with the Soviet Union. The character, emphasis and intensity of political and psychological warfare programs and campaigns should continually be intimately linked to our political strategy, our strategic war plans and our capabilities. As circumstances warrant, psychological and political warfare campaigns should be undertaken to undermine the Russian people's loyalty to and support of the

Kremlin, to divide the satellites from the Soviet Union, and to exploit the anti-Bolshevik revolutionary potential within the Soviet Empire. To this end, we should immediately mobilize the talents and energies available in the free world in much the same manner as we did in the Manhattan project.

(2) In order to lay the basis for this program, the Kremlin should be continuously identified as *the* threat to the liberties of all free peoples, as the oppressor of the Russian people and of the peoples it has subjugated, and as a tyrannous oligarchy which drives its satellites to commit aggression against others. The United States should continuously champion the right of all peoples to chose their own form of government and to be secure in their national independence. It should express its political support and, in case of war, military support, for all peoples who are now free and for all peoples who seek liberation from their bondage, including the minority peoples now a part of the Soviet Union.

6. Continuing with the third item on the agenda, the President might then call upon the following for their views as to steps which should be taken :

- a. The Secretary of Defense;
- b. The Chairman of the National Security Resources Board;
- c. Mr. Harriman;
- d. The Secretary of the Treasury.

Policy Planning Staff Files

*Memorandum by the Deputy Director of the Policy Planning Staff
(Butler)*¹

TOP SECRET

[WASHINGTON,] December 13, 1950.

NSC 68/3 ²

(NSC MEETING, DEC. 14, 1950)

The President has approved the conclusions of NSC 68 as a statement of policy to be followed over the next four or five years. The present report is in response to the President's request for further information regarding the implications of those conclusions and the programs envisaged by them.

Some of the important considerations brought out in the present report are:

1. The aggressive action of the U.S.S.R. and its satellites and the disparity in military power between them and the United States and

¹This document was prepared as a briefing paper for the use of the Secretary of State in connection with the 75th Meeting of the National Security Council, December 14. It was placed in the Secretary of State's briefing book.

² *Ante*, p. 425.

its allies represent a great danger to the security of the United States, and the period of greatest danger is directly before us.

2. Our most urgent need is a rapid build-up of U.S. military strength. An interim program to be initiated immediately should be to attain by June 1952 the force targets previously fixed for June 1954. Furthermore, these force targets should be kept under review to determine if they are sufficient to (a) protect us against disaster, and (b) support our foreign policy.

3. The programs and estimates of their cost are tentative. They indicate the magnitude of the effort, but they must be brought into balance and kept adjusted to changing situations by a process of continuous review. The present estimates represent for our economy an effort about half-way between "business as usual" and a really large-scale dedication of our enormous economic resources to the defense of our freedom.

4. The essential requirement is united and vigorous national action now to transform our potential strength into strength in being. Approval and immediate and continuous implementation of the present report and its annexes will give us a start on this task.

S/S-NSC Files : Lot 63D351 : NSC 68 Series

Report to the President by the National Security Council

TOP SECRET

WASHINGTON, December 14, 1950.

NSC 68/4

NOTE BY THE EXECUTIVE SECRETARY ON UNITED STATES OBJECTIVES
AND PROGRAMS FOR NATIONAL SECURITY

- References: A. NSC 68 Series
B. NSC Action No. 393 ¹
C. Memo for NSC from Executive Secretary, same subject, dated December 13, and three memos dated December 14, 1950 ²

At their 75th Meeting, with the President presiding, the National Security Council, the Secretary of the Treasury, the Secretary of Commerce, the Economic Cooperation Administrator, the Director,

¹ The substance of Action No. 393, taken by the National Security Council at its 75th Meeting, December 14, is contained in the present note by Executive Secretary Lay.

² The reference memoranda include the documents described in points "a." and "b." below, neither printed. Also under reference are Secretary Marshall's memorandum to President Truman, December 14, p. 474, and Executive Secretary Lay's memorandum of December 14, not printed, circulating the Marshall communication to the members of the NSC and the other participants in the preparation of the NSC 68 series.

Bureau of the Budget, and the Chairman, Council of Economic Advisers, considered NSC 68/3³ on the subject and adopted the draft report contained therein subject to the following amendments (NSC Action No. 393) :

a. The amendments in paragraphs 4, 7-c, 9, 11 and 15, proposed by the Senior NSC Staff by reference memorandum dated December 14, 1950.

b. The amendment in paragraph 5 proposed by the Joint Chiefs of Staff by reference memorandum dated December 13, 1950.

The President then issued at the meeting the following directive (NSC Action No. 393-b) :

NSC 68/3 as amended is approved as a working guide for the urgent purpose of making an immediate start. However, since this paper points out that the programs contained in it are not final, I hereby direct the Secretary of State and the Secretary of Defense to undertake immediately a joint review of the politico-military strategy of this Government with a view to increasing and speeding up the programs outlined in NSC 68/3 as amended in the light of the present critical situation and to submit to me appropriate recommendations, through the NSC, as soon as possible.

This review is not to delay action upon the basis of NSC 68/3 as amended, the implementation of which by all appropriate departments and agencies of the United States Government is hereby directed.

Accordingly, the report contained in NSC 68/3, as amended by the Council and approved by the President, is circulated herewith for implementation by all appropriate departments and agencies of the U.S. Government as directed by the President in the above paragraph.

It is requested that this report be handled with special security precautions, in accordance with the President's desire that no publicity be given the NSC 68 Series without his approval, and that the information contained herein be disclosed only to the minimum number of officials of the Executive Branch who need to know.

JAMES S. LAY, JR.

[Attachment]

Report to the President by the National Security Council

TOP SECRET

[WASHINGTON, December 14, 1950.]

REPORT BY THE NATIONAL SECURITY COUNCIL ON UNITED STATES
OBJECTIVES AND PROGRAMS FOR NATIONAL SECURITY

1. The invasion of the Republic of Korea by the North Korean Communists imparted a new urgency to the appraisal of the nature,

³ *Ante*, p. 425.

time, and scope of programs required to attain the objectives outlined in NSC 68. The aggression by the Chinese Communists in North Korea has created a new crisis and a situation of great danger. Our military build-up must be rapid because the period of greatest danger is directly before us. A greatly increased scale and tempo of effort is required to enable us to overcome our present military inadequacy.

2. It must be emphasized that the programs and estimated costs in the tabulation in Appendix A of NSC 68/3 are not final. In the critical, complex, and rapidly changing international situation, it is impossible to blueprint the specific steps and the costs involved. It is our intention to keep this problem, now so greatly accentuated, under continuous scrutiny. The principal value of these first estimates is that they furnish a starting point for the major effort essential to our national security and to our national objectives.

3. The several programs hereinafter briefly described* are all conceived to be mutually dependent. In accordance with the underlying concept of NSC 68, they represent an effort to achieve, under the shield of a military build-up, an integrated political, economic, and psychological offensive designed to counter the current threat to the national security posed by the Soviet Union.

THE MILITARY PROGRAM

4. Present conditions make unacceptable the delay involved in the phasing of our military build-up over a four-year period. It is evident that the forces envisaged earlier for 1954 must be provided as an interim program as rapidly as practicable and with a target date no later than June 30, 1952. We must also proceed at once to establish a production and mobilization base that will permit a very rapid expansion to full mobilization. Such a course is essential in order for us to build rapidly a military strength capable of fulfilling our two fundamental obligations: (a) Protection against disaster; and (b) Support of our foreign policy.

5. The estimates of forces herein which constituted our initial interim goal were based on the assumption that hostilities in Korea would terminate in FY 1951. If this assumption proves invalid, or if the general world situation continues to worsen, these force levels will have to be increased.

6. In arriving at these estimates of forces, with full consideration of the objectives of NSC 68, the following basic tasks were envisaged:

a. To provide a reasonable initial defense of the Western Hemisphere and essential allied areas, particularly in Europe.

*These programs are described in greater detail in the Annexes to NSC 68/3.
[Footnote in the source text.]

b. To provide a minimum mobilization base while offensive forces are being developed.

c. To conduct initial air and sea offensive operations to destroy vital elements of the Soviet war-making capacity and to check enemy offensive operations until allied offensive strength can be developed.

d. To defend and maintain the lines of communication and base areas necessary to the execution of the above tasks.

e. To provide aid to our allies to assist them in the execution of their responsibilities.

7. It should be realized that the forces recommended herein:

a. Will not insure that the United States will be absolutely secure against attack by air or unconventional means.

b. Will not be adequate to defeat the probable enemy unless augmented by full mobilization of the United States and her allies.

c. Will not be adequate to defeat aggressive Soviet or Soviet-directed actions in Soviet-selected areas around the periphery of the USSR, although they will act as a deterrent to further Soviet or Soviet-inspired aggression.

FOREIGN MILITARY AND ECONOMIC ASSISTANCE

8. The magnitude and phasing of the MDAP reflected in this report are generally designed to accomplish the following: (1) to provide nations which are participants in the North Atlantic Treaty with those quantities and forms of military and economic aid which they will require in order to raise, organize, train and equip by 1954 the forces set forth as necessary for the defense of the North Atlantic Treaty area in defense plans currently approved by the North Atlantic Treaty Organization (D.C. 28, dated 28 October 1950);⁴ and (2) to furnish military assistance which will, in varying degrees, assist certain other nations in Eastern Europe and the Middle East (Greece, Turkey and Iran) and in the Far East and Southeast Asia (Indochina, Indonesia, Thailand, the Philippines, Formosa, etc.) which are now receiving military assistance to restore or maintain internal security and, in the case of several countries, to perform limited defensive missions in the event of major external aggression. A very substantial portion of the total aid proposed, perhaps 75% thereof, would take the form of armaments produced in the United States, the remainder being primarily devoted to furnishing Western European nations with those additional resources which they will require, in addition to their own, in order (a) to support a complementary European production program of the magnitude now envisaged as

⁴North Atlantic Defense Committee Document D.C. 28 is not printed. For documentation on this subject, see vol. III, pp. 1 ff.

necessary, and (b) to raise and maintain the forces which they must provide.

9. It should be specifically noted that the phasing of the MDAP is on an entirely different basis than that of the U.S. military programs—the former being timed, in accordance with the assumptions of the North Atlantic Treaty Defense Plan, to provide forces adequate for the defense of the North Atlantic area by 1954, whereas the target of the latter is to obtain the required U.S. forces as rapidly as practicable. Since the factors which governed the selection of the earlier date in the case of U.S. programs have equal applicability to North Atlantic defense measures, it is of the greatest importance that the phasing of the latter should, to the maximum degree possible, be brought into consonance with the phasing of U.S. programs. Therefore, every method should immediately be explored, and thereafter continue periodically to be explored, for accelerating, if possible to 1952, the completion date of the program envisaged in current North Atlantic Treaty defense plans, including, but not limited to, consideration of (a) additional measures directed toward encouraging, persuading and enabling other North Atlantic Treaty nations to increase and speed up their contributions; (b) new methods for accelerating the work of the North Atlantic Treaty Organization; (c) the possibility of setting earlier production targets for MDAP armaments to be produced in the United States; and (d) the possibility of the United States assuming a substantially greater proportion than presently proposed of the actual task of physically producing the capital and replacement requirements of the forces to be raised. To the extent that such acceleration can be achieved, the amounts of U.S. aid required will tend to be telescoped even more sharply in the earlier years and will also be increased in the aggregate. Even in the absence of any such acceleration, the further refinement of NATO defense plans and their firm pricing on an international basis may indicate a U.S. aid requirement appreciably larger than that now proposed.

10. In the event that the number of nations receiving assistance is increased or in the event of a major change in current military assistance objectives with respect to present aid recipients in the Middle or Far East, as, for example, in the case of Formosa or Indochina, MDAP figures would have to be reviewed.

11. Our objective in providing economic aid outside the NATO areas is to create situations of political and economic strength in the free world especially in critical areas whose present weakness may invite Soviet thrusts. However, as a consequence of increased demands on U.S. resources resulting from the military defense program, claims

on U.S. resources for foreign aid have been limited to programs that will meet most urgent and immediate needs. These programs have therefore been restricted to those fulfilling three broad purposes: (1) investment to increase the production and facilitate the distribution of critical materials directly needed for defense; (2) aid to strengthen the defense effort of our allies; and (3) aid to enable governments which are or can be expected to become friendly members of the free world to win the confidence and support of their own peoples as a solid foundation for political stability and national independence. More specifically, United States economic assistance should also be designed to reduce economic dependency of countries on the USSR and its satellites in order to (a) curtail the volume of shipments of items to those Communist dominated areas and (b) reduce availability of foreign currencies to the USSR for strategic purposes in such areas as Southeast Asia and Australia. To reduce the drain on U.S. resources, aid programs have been held to the minimum believed necessary to effect these purposes.

THE CIVILIAN DEFENSE PROGRAM

12. The civilian defense program should contribute to a reasonable assurance that, in the event of war, the United States would survive the initial blow and go on to the eventual attainment of its objectives. Civilian defense programs are designed to serve to minimize casualties in the event of attack, to provide emergency relief immediately after attack, and to help preserve the productive core of the nation. Civil defense programs are tailored to domestic military defense programs and require close and continuing coordination with them. In this regard civil defense programs are currently being reviewed with the objective of revising them, as to timing and magnitude, in accordance with the more urgent and increased military program now being developed.

THE STOCKPILING PROGRAM

13. The stockpiling program is designed to afford the United States those strategic and critical materials, essential for the prosecution of a five-year war, which would not be forthcoming from United States wartime production and imports from accessible sources.

14. Plans developed up to the end of November, 1950, had been designed to have these stockpiles complete and physically on hand in the United States by 1954.

15. The stockpile program is currently being reviewed with the objective to revising in accordance with and subject to the increased military requirements now being developed. In addition, stockpile

objectives themselves are undergoing constant review, particularly in the light of such questions as the possible impact on the economic stability of nations friendly to the United States, substitution of other less critical materials, tests of necessity, and changes in military specifications.

THE INFORMATION PROGRAM

16. The information and educational exchange programs are designed to develop the maximum psychological effect from the political, diplomatic, economic and military measures undertaken by the United States and its allies and to convey the implications of these measures effectively to the minds and emotions of groups and individuals who may importantly influence governmental action and popular attitudes in other nations and among other peoples. The primary effort will be directed at creating, in the areas and the nations of most critical importance to the achievement of the national objectives of the United States, (a) popular and governmental confidence and resolution in support of the shared interests of the peoples of the free world, and (b) psychological resistance to the further expansion, whether by overt or covert means, of the influence of Soviet Communism.

17. The peoples of the Soviet Union and its satellites, as well as the peoples of the most vulnerable areas of the free world, are primary targets of this psychological offensive.

INTELLIGENCE AND RELATED ACTIVITIES

18. An intensification of intelligence and related activities is vitally necessary as a safeguard against political or military surprise and is essential to the conduct of the affirmative program envisaged in NSC 68. The intelligence and related programs projected in response to NSC 68 provide for such an intensification of effort. They are being put into execution as rapidly as possible without reference to the phasing of the other programs presented in this report.

THE INTERNAL SECURITY PROGRAM

19. The elements of the accelerated program recommended by the Interdepartmental Committee on Internal Security and the Interdepartmental Intelligence Conference constitute a balanced internal security program within the framework of the original NSC 68 project. There is every reason to believe that if these basic elements are realized they will contribute substantially to the accomplishment of the objectives outlined in NSC 68 by insuring the adequacy of the nation's internal security, which is an indispensable part of a nationally secure United States. The early realization of the objectives outlined by the

ICIS and the IIC is essential in order to strengthen our defenses against the dangers of espionage, sabotage, and other types of subversion by impeding the individual and collective will of subversive elements to act to the detriment of internal security by increasing the physical hazards as well as the legal obstacles and penalties incident to the commission of subversive acts. Additionally, it will afford greater protection to the nation's critical governmental and industrial facilities; it will make more secure the orderly functioning of government; it will minimize the possibility of the clandestine introduction of unconventional attack media and of the exportation of strategic materials and information; and it will thus aid in thwarting the strategy and tactics of the Kremlin which are designed to weaken, dominate and destroy us as a free people.

20. In the light of developments since the preparation of NSC 68 and in view of the resulting revisions in The Military Program, ever-increased emphasis should be afforded the projected internal security program to the end that the level of internal security preparedness contemplated by 1954 may be attained by 1952, or as soon thereafter as circumstances permit.

S/S-NSC Files : Lot 63D351 : NSC 68 Series

*Memorandum to the President by the Secretary of Defense
(Marshall)*¹

TOP SECRET

WASHINGTON, 14 December 1950.

Enclosed are summary statements of forces recommended by the Joint Chiefs of Staff on 6 December 1950, and transmitted to this Office on 11 December 1950, together with a copy of General Bradley's covering memorandum. The forces outlined in the enclosed summary statements are the forces that were, on 1 September 1950, recommended as the target for 1 July 1954. I concur in the recommendation of the Joint Chiefs that we should build to these forces as soon as practicable, with a target date not later than 30 June 1952.

Studies are underway within the Department of Defense at the present time to determine the magnitude of the procurement program which will need to be entered into to support these forces. As soon as such information is developed, it will be made available to the National Security Council.

G. C. MARSHALL

¹ Circulated to the members of the National Security Council and to the Secretaries of the Treasury and Commerce, the Economic Cooperation Administrator, the Director of the Bureau of the Budget, and the Chairman of the Council of Economic Advisers, by Executive Secretary Lay under the cover of a memorandum dated December 14 (S/S-NSC Files: Lot 63D351: NSC 68 Series).

[Annex]

*Memorandum by the Joint Chiefs of Staff to the Secretary of Defense
(Marshall)*

TOP SECRET

WASHINGTON, 6 December 1950.

Subject: Force Requirements.

Attached hereto, as Enclosures "A", "B" and "C", are the estimates of forces submitted by the Joint Chiefs of Staff on 1 September 1950 as being required for national security in consonance with the provisions of NSC 68. The Joint Chiefs of Staff recommend, in view of the current international situation, that Presidential approval be obtained to the establishment of Fiscal Year 1954 force levels, as shown in the attachment, as interim levels to which the armed forces must be raised as soon as practicable and with a target date no later than 30 June 1952, bearing in mind that deficiencies of available equipment and of training and housing facilities must also be eliminated.

For the Joint Chiefs of Staff:

OMAR N. BRADLEY

*Chairman**Joint Chiefs of Staff*

Enclosure "A"

ESTIMATE OF U.S. ARMY FORCES REQUIRED FOR NATIONAL SECURITY
(NSC 68)

| | <i>30 June 1951 Target As Approved 24 November 1950</i> | <i>Recommended—as soon as practicable, and with a Target Date no later than 30 June 1952</i> |
|--|---|--|
| 1. <i>Major Forces, AUS</i> | | |
| Infantry Divisions | 14 | 14 |
| Armored Divisions | 1 | 2 |
| Airborne Divisions | 2 | 2 |
| Infantry RCT's | 10 | 11 |
| Armed-Cav Regts | 4 | 6 |
| AAA Battalions | 78 | 100 |
| Other C Battalions | 138 | 150 |
| Total strength, AUS | 1, 261, 000 | 1, 353, 000 |
| 2. <i>Civilian Components</i> | | |
| National Guard | 345, 900 | 435, 600 |
| Organized Reserve | 499, 000 | 511, 000 |
| Total strength, Civilian Components | 844, 900 | 946, 600 |

Enclosure "B"

ESTIMATE OF U.S. NAVY FORCES REQUIRED FOR NATIONAL SECURITY
(NSC 68)

| <i>Type</i> | <i>30 June 1951 Target As Approved 24 November 1950</i> | <i>Recommended—as soon as practicable, and with a Target Date no later than 30 June 1952</i> |
|--------------------|---|--|
| CV/CVB | 9 | 12 |
| CVL | 4 (plus 1 reduced) | 5 |
| CVE | 6 | 10 |
| BB | 1 (plus 1 reduced) | 3 reduced |
| CA/CL/CLAA | 15 | 19 |
| DD/DDE/DDR | 200 | 248 |
| SS | 85 | 100 |
| Patrol & Minecraft | 181 | 181 |
| Amphibious | 282 | 296 (2 Div Lift) |
| Auxiliaries | 241 | 287 |
| CV/CVB Groups | 12 | 14 |
| VS Rons | 10 | 15 |
| VP Rons | 27 | 34 |
| VMF Rons | 18 | 21 |
| HMR Rons | 2 | 6 |
| ZP Ships | 44 | 44 |
| Mar Divs | 2 | 2 (plus 1 RCT) |

The total civilian naval components throughout the period FY 1951-1952 are estimated to approximate 923,000.

Approximate Navy & Marine strength (end figure)

| | | |
|---|----------------|----------------|
| Navy | 675, 918 | 725, 000 |
| Marine | 166, 155 | 162, 000 |
| <i>Total</i> | <hr/> 842, 073 | <hr/> 887, 000 |
| Approximate operating aircraft for above figures | 5668 | 6559 |
| Approximate required numbers of aircraft in the civilian components | 1844 | 2001 |

Enclosure "C"

ESTIMATE OF USAF FORCES REQUIRED FOR NATIONAL SECURITY
(NSC 68)

| | 30 June 1951 Target As Approved 24 November 1950 | Recommended—as soon as practicable, and with a Target Date no later than 30 June 1952 |
|--------------------------------------|---|---|
| 1. <i>Combat Wings</i> | | |
| Heavy Bomb | 5 | 6 |
| Medium Bomb | 13 | 20 |
| Strat. Rcn (H) | 2 | 4 |
| Strat. Rcn (M) | 2 | 4 |
| Light Bomb | 3 (1)† | 4 |
| Tac. Rcn. | 4 (1)‡ | 4 |
| Ftr. Bomb | 16 (4)‡ | 18 |
| Ftr. Int.* | 16 | 20 |
| Tr. Carr. (H)* | 2 | 3 |
| Tr. Carr. (M) | 7 (3)† | 12 |
| <i>Total (Wgs)</i> | 70 | 95 |
| 2. <i>Separate Squadrons</i> | | |
| Wea Rcn. | 6 | 6 |
| Air/Sea Rescue | 10 | 12 |
| Liaison | 2 | 4 |
| Tow Target | 2 | 3 |
| Strategic Support | 3 | 3 |
| <i>Total</i> | 23 | 28 |
| Mats (Sqs) | 20 | 30 |
| 3. <i>Military Personnel (Total)</i> | 651, 000 | 971, 000 |
| 4. <i>Civilian Components.</i> | The Civilian components will be utilized to the maximum during the build-up and also to back-up the active military components. | |
| 5. <i>Active Aircraft</i> | | 16, 650 |

* One Assault Squadron per group. [Footnote in the source text.]

† Air Reserve Units. [Footnote in the source text.]

‡ Air Nat'l Guard Units. [Footnote in the source text.]

Editorial Note

On December 16, 1950, President Truman issued Proclamation 2914: Proclaiming the Existence of a National Emergency. Stating that "the increasing menace of the forces of communist aggression requires that the national defense of the United States be strengthened as speedily as possible," the President summoned "all citizens

to make a united effort for the security and well-being of our beloved country and to place its needs foremost in thought and action that the full moral and material strength of the Nation may be readied for the dangers which threaten us." For the full text of Proclamation 2914, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, pages 746-747. Also on December 16, the President issued Executive Order 10193, creating the Office of Defense Mobilization which would exercise general authority over production, procurement, and manpower programs. Charles E. Wilson, President of General Electric, was appointed Director of the new agency.

The following events immediately preceded the Proclamation of a National Emergency. On the morning of December 13, President Truman and the Secretaries of State and Defense met with a bipartisan delegation of Congressional leaders to discuss the national emergency. The statement released by the White House following the meeting stated that there had been unanimous support for the rapid expansion of national military strength and that the declaration of a national emergency had been considered; for text, see *ibid.*, page 741. On the evening of December 15, the President delivered a radio and television address to the American people, indicating his intention to declare a national emergency on the following day and outlining the reasons for that action; for text of the address, see *ibid.*, pages 741-746.

661.00/12-1850

*Memorandum by the Director of the Office of Chinese Affairs (Clubb) to the Assistant Secretary of State for Far Eastern Affairs (Rusk)*¹

TOP SECRET

[WASHINGTON,] December 18, 1950.

Subject: Estimates of Moscow-Peiping Time-Table for War

Ref: CA Memorandum July 12, 1950 "Korea and Overall World Situation"²

Defense chiefs are reported* to have advised Congress that total mobilization is not advisable now, but only "limited" expansion, in view of the inability of the military establishment economically to absorb "these sums of money and these accretions of personnel".

¹ Copies of this memorandum were transmitted to Deputy Under Secretary of State Matthews, to John Paton Davies of the Policy Planning Staff, and to the component offices of the Bureau of Far Eastern Affairs.

² Not printed.

³ *Washington Post*, December 15, 1950, p. 2, "Pentagon Opposes Full Mobilization Now." [Footnote in the source text. For information on the hearings under reference, see the second editorial note, page 420.]

This qualification may be acceptable—but obviously only if the Defense estimate of the time factor, vital to preparations for war, is correct. It is indubitably requisite to make the best estimate possible of the *probable* time when war may be expected to break out, to enable us not only to plan properly for expansion of our existing forces, but to make the best possible deployment of forces in being. General Omar Bradley is quoted in the same report (on testimony before the House Appropriations Committee) as saying that planning was originally based on a 1954 target date, which “we originally thought was the dangerous period”, but that “The present situation has caused us to move that date down some, so instead of trying to plan on a rising level of production and manpower and getting ready by 1954 we have had to step that up some for 1952.” It is vital to test any target date, including that of 1952, by all available measures.

Having reference to the estimate in CA’s reference memorandum of July 12, “Korea and Overall World Situation”, that Moscow might plan on war as early as the end of this year, the following factors are outlined as pertinent to the question of the *probable* time that the Moscow-Peking axis might undertake steps resulting in general war.

Major Indicators:

- 1) Soviet intransigence in all political fields in 1950.
- 2) Evident parallel Chinese intransigence, with relative unconcern for (a) national economic welfare, (b) regularization of diplomatic relations with non-Communist States, and (c) membership in the UN.
- 3) Military moves in European and Asiatic sectors of the Communist camp leading U.S. intelligence to conclude that both the USSR and China are capable of launching war across their frontiers without further notice.

Straws in the Wind:

- 1) Chinese intervention in Korea, practical refusal to accept a negotiated settlement.
- 2) Soviet warning regarding “consequences” of re-arming Germany.†
- 3) Tenor of Communist propaganda line warning the populations of the USSR and satellite States that the USA plans war, with increased recent emphasis.

†The Moscow statement that it “will not tolerate” the re-arming of Germany cannot safely, any more than Peiping’s threat to intervene in Korea if the 38th Parallel were crossed, be assumed to be a bluff. Cf. Abram Bergson’s letter, *New York Times*, December 17, 1950 (attached) for some cogent reasoning. [Footnote in the source text. Regarding the possible rearmament of Germany, see vol. III, pp. 1 ff. The newspaper clipping has not been reproduced.]

- 4) Communist efforts to isolate "the Anglo-American bloc".
- 5) Move to establish a rival to the UN in the form of the "World Peace Council" at Warsaw.
- 6) Withdrawal of the Chinese Communist delegation from the UN before the official termination of debate; return of Vyshinsky to Moscow.
- 7) Reported scheduled movement of Soviet armored and tank corps into East Germany.

Factors Operating in Favor of Early Communist Time-Table:

- 1) Implementation of NATO plans; thwarting of the Sovietization of the UN.
- 2) U.S. rearmament program.
- 3) "Dated" character of Soviet arms.
- 4) Economic distress (which could partially be alleviated by looting of consumption goods per World War II practice), political unrest (aggravating fears of rulers) in Soviet bloc.
- 5) Decline in strength of Communist parties outside Soviet bloc.
- 6) Attainment by USSR of neutralizing counter-agent, or balancing agent, to A-bomb.
- 7) Advantage which would accrue to Communist camp by surprise element in striking substantially ahead of what free countries regard as "Soviet time-table for war".

8) Present defense posture of free world, particularly, engagement of major U.S. forces in Korea and French forces in Indo-China, and vulnerability of both Japan and Germany (two prime plums) to attack.

Given Existing Factors, Tentative Estimate of Probable Communist Timing:

- 1) *Earliest*: December 25, 1950 to January 2, 1951.
- 2) *Medium*: early spring, 1951.
- 3) *Latest*: post-harvest period, 1951.

Manner of Starting:

If one of the two earlier periods is selected, the issue might be the re-arming of Germany; if the project for arming Germany be dropped, or rejected by the Bonn Government, the "East Germans" might move in the Korean style, in the first instance: in either event, the USSR would assume that the USA might accept the challenge, would calculate the risk—and would act accordingly. The element of surprise would be exploited to its fullest by the Communist strategists.† The

† Cf. Dr. Vannevar Bush's comment on Soviet tactics and scruples, quoted by Drew Pearson (*Washington Post*, December 17, 1950—attached). [Footnote in the source text. The newspaper clipping has not been reproduced.]

nominal cause which would bring war in the latest of the three periods is not now foreseeable.

Addendum:

If war with the USSR need not even so be regarded as "inevitable", it must in the present circumstances be deemed "probable", and in the near rather than distant future. Because our time-table is set for 1952 at the earliest, it would patently be desirable to cause a retarding of the Communist time-table if possible. We seem hardly to dispose of military or economic factors, in addition to those now effective, which could be brought fruitfully to bear within the indicated time-limit. Whether the introduction into the equation of a new factor in the form of political negotiations would act as a brake in a situation where neither side gives evidence of being ready to cede substantially, is an open question. It could perhaps be said that a political conference, even if it achieved nothing, would probably not hasten the present trend toward war, and that it would be well to meet war having explored all avenues that might offer themselves for the achievement of a measure of immediate understanding and at least temporary toleration. At worst, we might still gain a short measure of precious time—assuming that while the two sides were talking they would not at any rate be shooting. Under existing conditions, however, by the present estimate, for our defense moves we have left to us only days and hours, not months and years.

661.00/12-1950

*Memorandum of Conversation, by the Ambassador in the Soviet Union
(Kirk)*

SECRET

[WASHINGTON,] December 19, 1950.

Subject: Report to the President

I saw the President today between 10 minutes of 12 and 10 minutes after. A brief summary of the conversation follows:

After the usual greetings, I made the following initial point: the situation with the Soviet Union is ticklish and while I did not believe the Soviets would march immediately, yet there are certain possibilities which might cause them to move; such as:

(a) Action on the part of the Western world which would force the Soviets to go to war. As an example, let us say, declaration of war against Red China with bombing of Chinese cities. Such an eventuality, I thought, would cause the Russians to implement their treaty with the Peiping government, signed last February.¹

¹ See footnote 4, p. 160.

(b) At the other end of the scale, the Soviets might move if our forces in Korea were completely eliminated and we lost our trained, experienced officers and men with the resultant severe weakening of the U.S. military potential. Under such unhappy circumstances the Soviets would very likely feel that they must move and move now.

In between these two possibilities, I felt that the Soviets were gaining so much by bleeding the United States, in particular, and the Western world in general, through the war in Korea, that it would not be to their immediate advantage to move against us. (The President agreed with these views.)

The President asked my feelings about possible Soviet moves in Europe, mentioning GDR forces attacking West Germany, or Bulgarian and Hungarian attacks on Tito.

My reply to the first was that since our own armed forces were involved, such an attack could not succeed without Red Army aid—which would mean World War III.

As to the second, I felt such was a possibility but not a probability, although not overlooking Kremlin dislike of Tito.

The President asked about the general state of health of Mr. Stalin. I summarized my impression of the interview I had with Mr. Stalin in August 1949. Briefly, that Stalin was in full possession of his faculties, alert mentally, and gave the impression of a vigorous man. He shows his years (70) but is in no sense failing in his faculties. I went on to say that Stalin was the dictator *absolute* of the Soviet Union. He embodies all the loyalty formerly given the Czar in the temporal field and, since religion has been abolished in the Soviet Union, he has some of the attributes of the Deity. In other words, he is adored and looked up to by the peoples across the whole vast empire. The President asked if I thought Mr. Stalin dictated every decision, and I replied that policy lines were always laid by Mr. Stalin but the Polit Bureau implemented his policies, as necessary. As to a probable successor, I said that should Mr. Stalin die in the next few years, my guess would be Molotov.² If, on the other hand, Stalin lived for 10 or 15 years more that, making due allowance for changes in the situation in that interval of time, I would suppose Malenkov³ would be the most likely successor. Malenkov is already Secretary General of the Party, Minister of the Interior, and has many strings in his hand.

The President asked about the state of public opinion in the Soviet Union and I replied that loyalty to the regime was universal, that although by education the power to think was being developed, yet in that system of government, with secret police, etc., everywhere, there

² V. M. Molotov, Soviet Minister of Foreign Affairs.

³ G. M. Malenkov, Member of the Politburo.

was little likelihood of any dissension, unless, in the event of war, there were serious reverses suffered by the Soviet armies. On the other hand, undoubtedly there are tensions and strains in the Body Politic, which I hope we might find some means to exploit.

We then touched on the military potential and I gave my view to the effect that the size of the country was of itself a tremendous advantage to them from the point of view of resisting attack. On the other hand, the vast distances in Russia were a handicap to the Soviets, as they have no road net in the ordinary sense of the word, and are confined to single track and inefficient railroads. However, I went on to say the matter of mass was a very serious one from a military point of view because the Russians had so many more men under arms, so many tanks, so many airplanes, so much artillery, that Western forces had to be specially equipped to deal with the vast numbers which would be flung against them.

From here I went on to say that the Soviets only understood military power when dealing with foreign nations—that to be effective with them one had to be strong. The President said that was what he was trying to do and had been trying to do ever since 1945. We agreed that our troubles with the Soviet Union stemmed from the disbandment of our immense military forces in middle Europe in 1945. I pointed out that historically the Soviets in their own writings, and in accounts by others of their difficulties, had felt their own voice in international affairs had always been weak when their military strength was weak, such as after the Treaty of Brest-Litovsk in 1917-18.

We then touched on the industrial capacity of the Soviet Union and I pointed out that although it might take ten Russian workmen to do what one American could accomplish with a good machine tool, nevertheless in Russia they had the ten men. I said it was my belief that conditions for the masses of the people in the Soviet Union had been constantly improved in matters such as food, some consumer goods, electrification, etc. Further, that although the use of the word "free" in our sense of the word would not be understood in the Soviet Union, nevertheless, the Soviet people did feel that they had gained a great deal of freedom under the Soviet regime and that in general there was, if not contentment, at least a feeling that things were better.

In conclusion, I said in my judgment the only way to deal with the Soviets was to be strong, to be firm and to be consistent. In terms of strength, I said in my view we did not need to match them man for man, gun for gun, and tank for tank, but that we must be so strong as to make the Soviets pause and give careful consideration to the risk that they would run in engaging in a general war with the Western world.

I said Stalin was wise and canny, he had created a cohesive nation and had benefitted the people greatly; therefore, I inclined to the belief he would not start a war he could not win. On the other hand, there was the danger that Stalin, flattered by his advisors, might, like Hitler, be persuaded to seek world domination while still alive. My measure of the likelihood of war being commenced by the Soviet Union was perhaps best expressed by the ratio of 3 to 2, against.

The President said he would like to see me again before I went back to Moscow.

ALAN G. KIRK

Department of State Administrative Files ¹

Memorandum of Understanding Between the Departments of State, Treasury, and Defense and the Economic Cooperation Administration

[WASHINGTON, December 19, 1950.]

ORGANIZATIONAL ARRANGEMENTS WITHIN THE U.S. GOVERNMENT FOR
POLICY FORMULATION AND IMPLEMENTATION WITH RESPECT TO IN-
TERNATIONAL SECURITY ARRANGEMENTS AND MILITARY AND ECONOMIC
ASSISTANCE FOR MUTUAL DEFENSE

1. The tremendous step-up in our foreign and domestic programs for increasing our own national security and that of the other free nations makes it imperative that we carefully examine the organizational arrangements within the U.S. Government for carrying out these programs. Certain aspects of these arrangements require urgent consideration and immediate decision.

2. The most urgent organizational problem which we now face involves the proper framework in which the questions relating to the North Atlantic Treaty and economic and military assistance programs can properly be coordinated. With respect to the organization in Washington, two basic decisions need to be made: (a) the proper relationship among State, Defense, the Economic Cooperation Administration, and the Treasury, on an interdepartmental basis; and (b) the adjustments which must be made within each of these agencies as a basis for an effective and coordinated Government-wide effort. The following arrangements are agreed to as a first step in resolving these questions.

¹ Lot 54D291, consolidated administrative files of the Department of State, 1949-1960.

3. *a.* A Director for International Security and Assistance Affairs* will be appointed in the Department of State. He shall occupy the senior position authorized by Section 406(e) of the Mutual Defense Assistance Act of 1949 as amended.

b. The Director for International Security and Assistance Affairs, on behalf of the Secretary of State, shall represent and speak for the Department of State on matters of policy and program relating to the North Atlantic Treaty, other similar international programs, and military and economic assistance for mutual defense. He shall be responsible for coordinating all activities within the department related thereto. He shall have the authority, responsibility, and staff necessary to assure that he can speak positively and expeditiously on behalf of the Department of State.

c. In addition, the Director for International Security and Assistance Affairs, on behalf of the Secretary of State, shall be responsible for providing continuing leadership in the interdepartmental coordination of policy and program with respect to the North Atlantic Treaty, other similar international programs, and military and economic assistance for mutual defense. In performing this function on behalf of the Secretary of State, the Director for International Security and Assistance Affairs will be exercising responsibility for the Government as a whole.

4. *a.* There shall be appointed an Assistant to the Secretary of Defense for International Security Affairs. He should occupy one of the three positions, other than the senior position, authorized by Section 406(e) of the Mutual Defense Assistance Act of 1949 as amended.

b. The Assistant to the Secretary of Defense for International Security Affairs shall have the same responsibility and authority within the Department of Defense as is provided in paragraph 3.*b.*, for the Director for International Security and Assistance Affairs with respect to the Department of State.

5. The Economic Cooperation Administrator and the Secretary of the Treasury shall each designate an official who shall have the same authority and responsibility with respect to his agency as is provided in paragraph 3.*b.*, for the Director for International Security and Assistance Affairs with respect to the Department of State.

*In a covering memorandum transmitting this approved paper to the Director of the Bureau of the Budget on this same date, the President suggested the deletion of the words "and Assistance" from the title of the Director. [Footnote in the source text. A Department of State press release of January 4, 1951, announced the establishment of the position of Director, International Security Affairs and the appointment of Thomas D. Cabot to serve in that capacity. For text, see Department of State *Bulletin*, January 22, 1951, pp. 155-156.]

6. *a.* The review and coordination of policy and program as between the several departments and agencies shall be carried on by a senior staff committee to be known as the Committee on International Security Affairs. The State Department Director for International Security and Assistance Affairs shall be the Chairman. In addition, the membership shall consist of the Assistant to the Secretary of Defense for International Affairs, a representative of the Special Assistant to the President, Mr. Harriman,² and the ECA and Treasury officials provided for in paragraph 5. Representatives of other departments and agencies may be asked to sit with the Committee as appropriate.

b. The Committee on International Security Affairs shall establish such permanent or temporary working groups as it finds necessary and shall develop such arrangements as are necessary for guiding inter-agency coordination outside of the Committee.

7. It is essential that operating responsibility be delegated to the greatest possible extent to those agencies which are equipped to handle it. This means that with respect to mutual defense and within the framework of established policies, the Department of Defense has primary responsibility for determining the military character of international programs, for developing and implementing the end item and military training programs, and for developing U.S. determinations as to military requirements in the formulation of programs for military production abroad; and the Economic Cooperation Administration shall have primary responsibility for developing and implementing plans for economic assistance required to support an adequate defense effort abroad, and for implementing approved programs for additional military production abroad.

8. The foregoing administrative arrangements shall be carried on with due regard for the established responsibilities of the National Security Council and other officials and agencies of the Executive Office of the President, and of the National Advisory Council on International Monetary and Financial Problems, and the existing authorities and responsibilities of these officials and agencies are in no wise modified by this agreement. This means that the National Security Council shall continue to be the agency "to advise the President with respect to the integration of domestic, foreign and military policies relating to the national security".

9. Arrangements should likewise be made as quickly as feasible for improved coordination between U.S. Government officials and representatives at both the regional and country levels.

² W. Averell Harriman, Special Assistant to President Truman ; Special Representative in Europe for the Economic Cooperation Administration, 1948-1950.

Secretary's Memoranda : Lot 53D444

*Memorandum of Conversation, by the Under Secretary of State
(Webb)*

CONFIDENTIAL

[WASHINGTON,] December 19, 1950.

CABINET MEETING, TUESDAY, DECEMBER 19, 1950

COMPARISONS BETWEEN OUR SITUATION TODAY AND THAT OF 1942

Secretary Marshall reported that he had been making some comparisons between our situation today and that which we faced in 1942. He indicated that the present public air of gloom did not take into account that whereas in 1942 we had almost no ammunition, we now have an inventory of between nine and ten billion dollars in this category. He indicated that although there were shortages in particular items of ammunition, this inventory was of very great value. He indicated also that in 1942 we lost almost a thousand ships, with their cargoes, and in addition had to build a fleet, with its consequent drain on steel. The fact that we have a fleet in being and large numbers of merchant ships which we can take out of mothballs makes our situation today much better than in 1942 in this field. He indicated also that with respect to various arsenals the equipment in 1942 was very antiquated, and that the arsenals today are well equipped and ready for work. He indicated also that our Air Force today has real strength, as opposed to almost none in 1942. General Marshall explained that these matters were of great significance in starting to plan the task which would be assigned to Mr. C. E. Wilson,¹ and also must be taken into account in any evaluation of our present position.

JAMES E. WEBB

¹ Director of the Office of Defense Mobilization.

Department of State Executive Secretariat Files : Lot 53D244

Memorandum of Conversation, by the Secretary of State

TOP SECRET

[WASHINGTON,] December 27, 1950.

Senator Hickenlooper¹ telephoned me this afternoon to ask whether he could come in for a talk. I said that he could come in immediately or I would make an appointment later at his convenience. He came at once and stayed with me for about half an hour.

¹ Senator Bourke B. Hickenlooper of Iowa, member of the Senate Foreign Relations Committee and the Joint Committee on Atomic Energy.

The Senator said that he was deeply concerned about the course of events and about positions which he would be called upon to take and would like to tell me some of his worries. He said that he would regard our conversation as wholly confidential and would not repeat it or mention me in any way.

The Senator spoke first about the course of events in the Far East. He thought that the misfortunes of the campaign in Korea were undermining our position in Japan, the Philippines and on the continent of Asia and asked whether it was not desirable and necessary to have what he called a diversion in Asia. By this he meant fomenting outbreaks against the Communists in China and possible use of the Army on Formosa to make landings on the mainland. He spoke of a meeting of the Armed Services Committee of the Senate which he had been invited to attend at which General Chennault² had talked about the possibility of assisting dissension on the mainland. . . .

The Senator thought that efforts along this line were the most productive open to us. He went on to mention his fears that the defense of Western Europe was impossible and said that General Collins³ in answer to a question from the Senator along these lines at the last meeting of the Committee had left the Senator with the impression that the defense of Western Europe was possible only if everything turned out exactly as we hoped, including efforts by our allies and sufficient time being made available by the Russians. He thought that it was unlikely that this combination of events would occur and was therefore worried that we were wasting our strength.

The Senator thought that in the Middle West isolationism was growing. He stated that he did not agree with the isolationist point of view and that he thought the people of the Middle West quickly lost these views when trouble started. He said that the Middle West had the highest record of voluntary enlistments of any section of the country during World Wars I and II.

I said to the Senator that in thinking about the matters which he had propounded it seemed to me we must always keep in mind who our principal antagonist was. This was the Soviet Union and not China. Therefore it was important not only to increase our own military strength but do everything possible so that we would have an area from which our strength and that of others could be deployed in case of necessity. This led to the importance of the British Isles, Western Europe and certain areas in the Eastern Mediterranean. If we did not make every effort to strengthen and hold these parts of the world, then it seemed likely not only that we would have no platform from which

² Maj. Gen. Claire L. Chennault (ret.), Adviser to Generalissimo Chiang Kai-shek, President of the National Government of the Republic of China, 1937-1941; Commanding General, Fourteenth Air Force, United States Army Air Forces, 1943-1945.

³ General J. Lawton Collins, Chief of Staff, United States Army.

to operate if we had to against the Soviet Union, but that we would turn great potential strength to the other side. I said, in response to his reference to the atomic bomb, that the usefulness of this weapon would be minimized if the Russians were not required to concentrate and put on a big effort in order to attack Western Europe. (The Senator, in reply, tended to be pessimistic about the utility of the atomic bomb.)

So far as the Far East was concerned, I said that we were not overlooking the possibilities of stirring up trouble in China. I spoke of some of the problems which had to be surmounted and of the fact that this was not a matter which lent itself to public discussion. I spoke of the logistical problems which were raised by his suggestion of using the Nationalist forces for an attack on the mainland while the operations in Korea were going forward.

The Senator said that while all that I said was true, it still seemed to him that we were in danger of wasting our strength in Europe and that we should concentrate more in the Far East along the lines he had suggested. I said to him that I thought all these matters required more time for discussion than we had available at the moment and suggested to him that we would be glad to ask him to come down for a few meetings with us at which we could brief him more in detail on particular area problems. He said that he would be glad to do this.

The next move is therefore up to us. I suggest that Mr. McFall talk this over with Mr. Webb, Mr. Rusk, and Mr. Perkins and that we consider having further meetings with Senator Hickenlooper. The Senator's manner was friendly throughout. My impression was that he was sincere in wishing to impart his worries to me for any comfort which I could give him. He did not appear to take much comfort from what I said.

D[EAN] A[CHESON]

S/S-NSC Files : Lot 63D351 : NSC 97 Series

*Report to the National Security Council by the Executive Secretary
(Lay)*

TOP SECRET
NSC 97

WASHINGTON, December 28, 1950.

NOTE BY THE EXECUTIVE SECRETARY TO THE NATIONAL SECURITY
COUNCIL ON A NATIONAL PETROLEUM PROGRAM ¹

At the direction of the President the enclosed letter from the Acting Secretary of Defense on the subject has been referred to the Director

¹ Documentation on U.S. policy with respect to the development of the petroleum resources of the Near East is scheduled for publication in volume v.

of Defense Mobilization to develop a national petroleum program leading to the complete supply of Allied requirements, for consideration by the National Security Council.

JAMES S. LAY, JR.

[Annex 1]

The Acting Secretary of Defense (Lovett) to the Executive Secretary of the National Security Council (Lay)

TOP SECRET

WASHINGTON, December 27, 1950.

DEAR MR. LAY: In December 1948, the Secretary of Defense submitted a proposed National Petroleum Program to the National Security Resources Board (NSRB) requesting that the program, as proposed by the National Military Establishment, be considered by the NSRB and that appropriate action be taken with other government departments and agencies to implement a national oil policy. The immediate need for the formulation and implementation of a coordinated petroleum program was recognized by several departments of the government. The Foreign Petroleum Policy was under consideration by the State Department, and a National Oil Policy for the U.S. was under consideration by the National Petroleum Council, advisers to the Secretary of the Interior. These were in addition to the National Petroleum Program which had been coordinated and approved by the Military Establishment.

The National Security Resources Board advised the National Military Establishment that it would prepare a program incorporating the programs and policy recommendations of the State Department, Interior Department, and the National Military Establishment. This action was taken and submitted to the Interdepartmental Staff Group (ISG) for approval prior to submission to the NSRB. In June, 1949, the Secretary of Defense was advised by the Acting Chairman of NSRB that negotiations by the various departments in the ISG did not result in mutual agreement among the agencies concerned as to the necessity for a petroleum policy. It was further determined that no recommendation to the President on petroleum policy or the coordination thereof was necessary at that time, however, the representatives of the National Military Establishment did not agree to this determination. It had been determined, however, by the ISG that certain reference papers concerning the coordination of the U.S. Petroleum Policy which had been submitted, should be made available for reference purposes to the petroleum staffs of the various interested departments and agencies.

In the event of a major war in the future, there would be imminent danger that the Middle East sources of petroleum would be lost

to the United States and its Allies. The military and economic costs of regaining even a portion of these resources, should that become essential, would be enormous. The military and diplomatic measures needed to hold that area, should its oil be vital to the entire war effort, would be most difficult to implement and uncertain to succeed.

The Department of Defense appreciates that measures necessary to insure independence of Middle East oil present difficult political, diplomatic, and economic problems and will become increasingly costly in future years. These measures, therefore, must be studied thoroughly, coordinated carefully, and justified completely. Such action would result in a National Petroleum Program.

Subsequent to the ISG determination (December 1949), discussions were held between the Under Secretary of Defense Stephen Early, Secretary of the Interior Oscar Chapman, Under Secretary of State James E. Webb, and Assistant Secretary of Commerce Thomas C. Blaisdell, Jr. It was agreed then that Secretary Chapman be made Chairman of a Working Group which would report to the National Security Council in the development of a National Petroleum Policy. However, no further meetings were called by the Dept. of Interior to discuss this policy.

Based on preliminary guidance as to the requirements of the U.S., Allied and Associated Powers provided by the Joint Chiefs of Staff for a war commencing in 1954, it appears that, in the geographic areas which would be available to such powers, an overall shortage in refining capacity of approximately $1\frac{1}{2}$ million barrels per day and in crude production of $\frac{1}{2}$ million barrels per day will exist at the outbreak of a major war.

The Joint Chiefs of Staff have consistently stated that a National Petroleum Program is necessary. Further, the present international situation has become increasingly acute, and at the same time, increased requirements of the Western Powers have made the problem even more immediate than it appeared when discussions on this program began in 1948.

The Department of Defense believes that a National Petroleum Program should be developed after careful analysis which should include, among other things, the relative economic costs of insuring adequacy of petroleum in the continental United States, now, in time of future emergency, and in a postwar period, as against the military costs of insuring its availability in the Middle East. This analysis and program will provide the Department of Defense with guidance it requires for strategic planning and development of military forces and budget. It is understood that the effects of implementing any particular phase of the program must be weighed against the strategic requirements before decision is made which might have a significant economic or

other influence. In view of the foregoing, it is requested that an agenda item be prepared for discussion at the next meeting of the National Security Council in order to determine the necessity for a National Petroleum Program.

It is further requested that after discussion of this problem by the National Security Council, that the Petroleum Administrator for Defense be requested to take action to develop a program leading to the complete supply of Allied requirements. The attached draft of a letter to the Petroleum Administrator is submitted for your consideration.

Sincerely yours,

ROBERT A. LOVETT

[Subannex]

Draft Letter From the Executive Secretary of the National Security Council (Lay) to the Secretary of the Interior (Chapman)

TOP SECRET

[WASHINGTON, December 28, 1950.]

DEAR MR. SECRETARY: During the past two years, the international situation has become increasingly acute. At the same time, increased petroleum requirements of the Western Powers have made the early development of a National Petroleum Program a vital necessity to our national security.

The Department of Defense recently advised the National Security Council of a Joint Outline War Plan, currently under study, for a war assumed to commence on 1 July 1954. Preliminary estimates of the petroleum requirements of the U.S., Allied, and Associated Powers indicate that in the geographic areas which would be available to such powers, a deficit in refining capacity of 1½ million barrels per day, as well as ½ million barrels per day of crude production, will exist at the outbreak of war.

In view of the foregoing, the National Security Council requests that for its approval, you propose the necessary action to develop a program leading to the complete supply of Allied petroleum requirements. Such a program should be developed following the general procedures you discussed with the Under Secretary of Defense, Under Secretary of State, Assistant Secretary of Commerce, and others on 28 December 1949.

Sincerely yours,

JAMES LAY

FOREIGN POLICY ASPECTS OF UNITED STATES DEVELOPMENT OF ATOMIC ENERGY ¹

855A.2546/1-1050 : Telegram

The Ambassador in Belgium (Murphy) to the Secretary of State

TOP SECRET

BRUSSELS, January 10, 1950—7 p. m.

41. For Under Secretary eyes only. Deptel 22, January 6.²

1. Though I know Department has background fully in mind, I venture first to review it for convenient reference and in order Department can judge my reasoning leading up to tentative recommendations at end of this telegram.

2. As Department is aware, Belgian motivation for talks goes back several years and Department will recall principally negotiations leading to Spaak's statement in Senate July 3, 1947,³ and Spaak representations to Secretary Marshall October 3, 1947.⁴ At this time

¹ Continued from *Foreign Relations*, 1949, vol. 1, pp. 419 ff. For documentation on United States policy with respect to the regulation of armaments, including international control of atomic energy, see pp. 1 ff. For documentation on United States national security policy, see pp. 126 ff. Additional documentation on the attitude of the Soviet Union regarding atomic energy is scheduled for publication in volume iv. For documentation on United States-United Kingdom security arrangements in areas other than atomic energy, see vol. III, pp. 1598 ff.

For extensive additional information, see Richard G. Hewlett and Francis Duncan, *Atomic Shield, 1947-1952: A History of the United States Atomic Energy Commission*, volume II (University Park, Pennsylvania: The Pennsylvania State University Press, 1969). Relevant memoir sources include David E. Lilienthal, *The Atomic Energy Years, 1945-1950* (New York: Harper and Row, 1964); Dean Acheson, *Present at the Creation: My Years in the State Department* (New York: Norton, 1969); and George F. Kennan, *Memoirs: 1925-1950* (Boston: Little, Brown and Company, 1967).

² Telegram 22 of January 6 read in part as follows: "In preparing for Belgian talks now scheduled begin Jan 30 Embs views requested what constitutes Belgians main motivation for talks and what their essential objectives are." (855A.2546/1-650) For documentation on the background of the talks under reference, see *Foreign Relations*, 1949, vol. 1, pp. 419 ff.

³ In the statement under reference, Premier Paul-Henri Spaak stated that during the Second World War, Belgium had concluded arrangements respecting uranium with the United States and the United Kingdom, arrangements under which Belgian interests were safeguarded. For the text of Spaak's statement, see telegram 1071 from Brussels, July 4, 1947, *ibid.*, 1947, vol. 1, p. 825. For text of the Memorandum of Agreement Between the United States, the United Kingdom, and Belgium regarding the control of uranium, September 26, 1944, see *ibid.*, 1944, vol. II, pp. 1029-1030.

⁴ For memorandum of the Spaak-Marshall conversation of October 3, 1947, see *ibid.*, 1947, vol. 1, p. 841.

pressure came principally from Communists. By time Secretary Marshall's reply (Deptel 348, March 9)⁵ was handed to Spaak Soviet policy had so discredited Communists in Belgium and his position had become sufficiently strong that he seemed satisfied. He remarked internal political aspects of situation were calmer and he was no longer so badgered on question. Though Communist press continued its monotonous attacks other parties did not seem unduly concerned doubtless encouraged by formation of Brussels Pact leading to Atlantic Pact and therefore appreciating that strategic uses for uranium were paramount. After prolonged crisis last summer, new government was formed made up with exception of Prime Minister Eyskens⁶ and Minister Labor Béhogne,⁷ of right wing PSC and Liberals with Van Zeeland⁸ as dominant member of government. Van Zeeland having been out of office twelve years was anxious restore political prestige and was, therefore, more vulnerable than Spaak, and though having wide appreciation and grasp of world affairs, he has perhaps a slightly different point of view than Spaak on subject of uranium as affecting internal political position. As indicated during his visit to Washington⁹ and as subsequently reported, he wishes to get more for Belgium out of 1944 agreement for his own internal political prestige. On August 18, for first time in Embassy knowledge, a PSC senator joined Communist in sharply questioning government on uranium (Embtel 1145, August 19).¹⁰

3. Concurrently wide publicity given Blair House talks¹¹ augmented by apparent attempt keep them secret from world caused considerable worsening of this situation and it may be that statement by Eyskens in Senate last summer that "no secret treaty" on uranium existed may also have adverse influence on position of present government on the subject of uranium (as Embassy pointed out it believes Eyskens would have been well-advised to have merely referred to Spaak's above-mentioned statement of July 3, 1947).

⁵ For text of telegram 348 to Brussels, March 9, 1948, see *Foreign Relations*, 1948, vol. I, Part 2, p. 693.

⁶ Dr. Gaston F. Eyskens.

⁷ Oscar Béhogne.

⁸ Paul Van Zeeland, Belgian Foreign Minister.

⁹ In a conversation with the Secretary of State in Washington on September 16, 1949, Van Zeeland indicated that while he did not wish to take up the question of uranium at that time, he reserved the right to do so at some later date (memorandum of conversation, not printed, by Douglas MacArthur, 2nd, Chief of the Division of Western European Affairs; Department of State Atomic Energy Files).

¹⁰ Not printed.

¹¹ On the evening of July 14, 1949, President Truman met with the Secretaries of State and Defense, the Chairman of the U.S. Atomic Energy Commission, other officials in the Executive Branch, and a Congressional delegation at Blair House to discuss cooperation with the United Kingdom and Canada in the field of atomic energy. For the record of that meeting, see *Foreign Relations*, 1949, vol. I, p. 476.

4. Other event of direct bearing on subject was President's announcement that Russia has atomic bomb. In minds of many Belgians, including Sengier¹² and Robiliart,¹³ who have hitherto been opposed to building of reactor in Belgium and have done their best to drag their feet to that end, announcement of fact that Russia has bomb has tended to remove objection to building of such reactor, namely, danger that scientific information obtained in Belgium might leak to Russia which they feel now unfortunately has the necessary information.

5. Re Sengier's letter to Carroll Wilson contained in Embtel 1656, December 9,¹⁴ stating Belgian delegation will not deal with commercial contracts, Sengier explained last summer, as previously reported, that he had confidence of Spaak and question remained to be answered did he have confidence of Van Zeeland. Sengier's position was that 1944 agreement consists of three sections: first and last deal with relations between governments, central portion re commercial contracts being Sengier's province. Sengier says he has been driving this home to Van Zeeland and he thinks with success; and in that letter states Van Zeeland fully approves manner in which Union Miniere and African Metals have been conducting mining and commercial matters and Van Zeeland feels nothing should be modified on methods or principal dealings with Combined Development Agency.¹⁵ I assume Department reference telegram was sent prior to receipt of Embtel 14, January 5,¹⁶ quoting Sengier's letter to Lilienthal January 5¹⁷ reiterating he was sending Robiliart in his (Sengier's) place on Belgian delegation to assure that arrangements he had made with Van Zeeland and Wigny¹⁸ are duly respected; namely, that existing commercial contracts for raw materials and agreement made on isotopes are not to be interfered with by delegation (I might mention in passing that Sengier's very emphasis on this point, both in these letters and in conversations with me, may indicate his concern that it may not be easy to hold Van Zeeland to his promise, but this is merely a hunch on

¹² Edgar E. B. Sengier, Chairman of the Executive Committee of the Union Minière du Haut Katanga.

¹³ Herman Robiliart, Union Minière official; deputy to M. Sengier.

¹⁴ Sengier's letter of December 9, 1949, to Carroll Wilson, General Manager of the U.S. Atomic Energy Commission, is not printed.

¹⁵ The Combined Development Trust was established by the Agreement and Declaration of Trust, signed by President Roosevelt and British Prime Minister Winston S. Churchill on June 13, 1944; for text, see *Foreign Relations*, 1944, vol. II, pp. 1026-1028. The CDT (subsequently renamed Combined Development Agency) operated under the direction of the United States-United Kingdom-Canadian Combined Policy Committee. Its function was to secure control and insure development of uranium and thorium supplies.

¹⁶ Telegram 14 from Brussels, January 5, is not printed.

¹⁷ Sengier's letter to David E. Lilienthal, Chairman of the U.S. Atomic Energy Commission, is not printed.

¹⁸ Pierre Wigny, Belgian Minister of Colonies.

my part). In any event, I believe that Sengier will do his utmost to this end.

6. I feel, however, Sengier would be relieved if rise in price satisfactory to Van Zeeland could be arranged since I assume it is on this point which he fears he is open to criticism from Van Zeeland (as indicated by last paragraph of his letter January 5 reading "the question of price will remain permanent difficulty. One could discuss for years to come what is 'fair' price to be paid for such rare valuable material. My attitude has always been (see my letter of August 16 to Mr. Wilson ¹⁹) that we should get a price not lower than price paid to other suppliers for contracts involving more or less comparable top wages. For instance, Canada and possibly South Africa.")

7. I have no knowledge of these price differentials, but assuming they are significant, I don't doubt Belgian delegation will use this for bargaining and, hence, inclusion of point four in agenda.²⁰

8. Whether Sengier would like increase in price in interests of his company—and profit motive is rarely absent from Belgian thinking—I do not know, but when he returned from Washington in January of 1949, he expressed himself as entirely satisfied with the new price. Since then, however, he has learned we are making presumably extensive arrangements for obtaining uranium from South African gold tailings presumably at far higher cost and he may feel he is pervious to charge of not having obtained enough from us, possibly combined with mixed feelings at prospect of ceasing to play principal role as supplier of uranium. These feelings are not easy to define and may spring from hurt vanity since I understand we feel he has shown most understanding and cooperative attitude, and I know he has taken pride and pleasure in feeling he was playing important role in co-operating in such paramount factor in our defense and that of western Europe.

¹⁹ Sengier's letter to Wilson, August 16, 1949, is not printed.

²⁰ The agenda proposed to the Department of State by the Belgian Embassy on December 2, 1949, read in agreed translation as follows:

"1. Determination of the methods whereby Belgium may benefit from the progress made in the industrial utilization of atomic energy, as such progress is achieved.

"2. Determination of the means of associating Belgium actively in scientific and technical research to the extent which security and essential military secrets permit.

"3. Association of Belgium in all negotiations having to do with the use and distribution of the ore among the contracting parties of the 1944 agreement.

"4. Increase of the unit price stipulated in the contract, the surplus being deposited into a Belgian public interest fund.

"5. Formulation of a joint declaration on the results of the negotiations."
(Department of State Atomic Energy Files)

9. Re last paragraph Department reference telegram, I agree political considerations and public relations of Belgian Government (specifically Van Zeeland's political position) outweigh economic aspects, but if in terms of point four of agenda an increase of unit price is stipulated in contract and surplus deposited to Belgian "public interest fund", this would, in my opinion, go long way toward ameliorating political aspects. In other words, the political and economic aspects are closely tied together as the Belgian delegation may assert and not without reason.

10. If, as stated by Silvercruys (see memorandum on conversation December 2 ²¹) this increase were only used "to defray transportation and living expenses of those Belgian scientists and technicians who might come to United States" a reasonable increase would seem to me to be politic. Silvercruys reference to strengthening of "Belgian science in this field" smacks of constructions of reactor. I assume Department still would like for security reasons to prevent the construction of one in Belgium despite Russian bomb.

11. Presumably drain on uranium, should Belgium launch into extensive atomic power project would be a graver consideration. French reactors and reported construction of reactors in Norway and Sweden are increasingly bringing home to Belgians feeling that they, principal suppliers uranium to United States, are missing boat.

12. No doubt French are ambitious to become center for European atomic energy and draw in smaller countries on "joint" effort. While not wishing to give too much emphasis to Joliot's ²² influence and his contention that Europe is running danger of becoming completely subservient to United States in new all-powerful science of atomic energy, I think this idea may have some effect and seems to have been back of Dautry's ²³ proposals to European movement cultural conference at Lausanne December 8. ²⁴ In this connection, Freson ²⁵ mentioned that a French company has succeeded in outmaneuvering an American company and obtained a concession to refine large thorium deposits in

²¹ The memorandum of the conversation between Baron Silvercruys, Belgian Ambassador in the United States, and Under Secretary of State James E. Webb, December 2, 1949, is not printed.

²² Professor Frédéric Joliot-Curie, French High Commissioner for Atomic Energy.

²³ Raoul Dautry, Administrator General, French Atomic Energy Commission.

²⁴ Reference is to the European Cultural Conference in Lausanne, Switzerland, December 9-12, 1949. Among the recommendations of the conference was the establishment of an all-European Institute of Nuclear Physics.

²⁵ Secretary General of the Belgian Inter-University Institute of Nuclear Physics.

India. Embassy previously learned this from Gustafson²⁶ and that same company obtained similar concession Brazil, giving French near monopoly on thorium which offers great prospects in "breeding" as well as near monopoly in rare earths which occur in thorite deposits. Accordingly, the Department has doubtless weighed these factors and may come to conclusion that aiding Belgium in constructing reactor would be means of keeping Belgium out of French atomic orbit and correspondingly free from French requests for uranium; in short divide and rule and cut our possible future uranium losses.

13. In summary, therefore, I think should it develop that (a) proposed "Belgian public interest fund" is for expenses scholars visits to United States, it would be well for us to increase price uranium to this modest end; (b) if we are no longer greatly concerned on secrecy and do not fear Belgian drain on uranium mentioned above, we might well also go as far as to give enough to enable Belgium build or contribute toward building an experimental reactor (having in mind there is already a primitive one in France and more advanced one under construction there and two reported under construction in Scandinavia). The foregoing would, I think, quiet Belgians and the amount they want may not prove excessive. Furthermore, in last analysis, Belgians have the uranium. If they want to build reactor here or in Congo, they eventually will do it with or without our aid and know-how.

14. It will be recalled Van Zeeland suggested possibility building reactor in Congo, but I fear this may not prove workable compromise since it would mean transfer most of Belgium's very limited number of physicists to that colony.

15. As Gustafson quite rightly suggested during recent visit to Brussels, we could take line that what Belgium contributes in granting lower price than other suppliers of uranium can be considered as Belgian contribution to MDAP for which Belgium might claim credit. I fear, however, though his reasoning is sound, it may unfortunately not adequately meet Van Zeeland's political problems and aspirations.

16. On balance, therefore, and assuming AEC has adequate funds, I feel if reasonable concession on price plus reasonable amount additional scientific information will satisfy Belgians, this is line to take; but Department will realize I have before me only limited picture as seen from Belgium.

MURPHY

²⁶ John K. Gustafson, Director of Raw Materials Operations, U.S. Atomic Energy Commission.

Department of State Atomic Energy Files ¹

*Memorandum by Messrs. Adrian S. Fisher ² and R. Gordon Arneson ³
to the Secretary of State*

TOP SECRET

[WASHINGTON,] January 18, 1950.

Subject: Tripartite Atomic Energy Talks

We are now at a point where we are unable to set down a firm Administration position on our atomic energy relations with the British and the Canadians without having a general discussion of the main issues among yourself, the Secretary of Defense,⁴ and the Chairman of the Atomic Energy Commission. Furthermore, it would seem to be unprofitable at this time to have any further informal discussion with Sir Oliver Franks⁵ until the three principals have had a chance to touch base with each other.

The position of the Atomic Energy Commission is that while a full partnership with the British and the Canadians would appear to be a good thing, its primary justification lies in terms of the general fabric of our relations with the United Kingdom and Canada, as well as in terms of the military advantages with respect to which we must turn to the Department of Defense for evaluation. To elaborate, the benefits of combining the programs rather than running them as independent programs, if stated solely in terms of increased explosive power obtained by mixing British plutonium with United States uranium, is extremely small—in the neighborhood of 1 percent. The real advantages to the production program must therefore be sought in terms of the catalytic effect of introducing British scientific personnel with their new ideas and fresh point of view into a program which might otherwise become stale. While the AEC is prepared to give some quantitative description of the numbers of people involved and the nature of their scientific attainment, any evaluation of the benefits achieved from this sort of arrangement must of necessity be highly subjective.

From the point of view of the Department of State, a mutually satisfactory full partnership in the field of atomic energy is consonant with our general relations with the British and the Canadians. An effective partnership in this field would increase our collective

¹ Lot 57D688, a consolidated lot file in the Department of State containing documentation on atomic energy policy, 1944–1962.

² Legal Adviser, Department of State; General Counsel, U.S. Atomic Energy Commission, 1948–1949.

³ Special Assistant to the Under Secretary of State, James E. Webb, for atomic energy policy. Arneson was the ranking officer of the Department devoting exclusive attention to atomic energy matters. Although administratively an assistant to the Under Secretary, he frequently reported directly to Secretary Acheson.

⁴ Louis A. Johnson.

⁵ The British Ambassador in the United States.

strength. The Department, however, in maintaining the necessity for such an arrangement, would wish to have the agreement and support of the Department of Defense and the AEC to the extent of their respective legitimate interests.

It must be recognized that in the field of weapons research, development and production, with the exception of the duration of the agreement—which still is open for discussion—it would appear that the British position is very near the position which we were authorized to explore with them in the National Security Council paper of March 2, 1949,⁶ as approved by the President. The British seem to have met us very closely on the questions of base rights, joint training programs, and other such military arrangements as the Department of Defense has thought desirable. This also is in line with the March 2 NSC paper on the U.S. objectives. As regards the question of storage of weapons, although the U.K. and U.S. approaches are different, the end result may well turn out to be the same.

The areas in which, at the present at least, the explorations have indicated that the British position may differ substantially from the objectives outlined in the March 2 NSC paper are (1) research, development, and production in the area from raw materials to fissionable materials and (2) the area of further development (atomic power) not directly related to atomic weapons. In these areas the March 2 paper indicated that the U.S. interest lay in securing both complete exchange of information and complete collaboration throughout the entire program with the major production effort being in this country and all decisions with respect to the program being considered from the point of view of what will lead to the maximum advance in the combined program. The position of the U.K., on the other hand, is that while they are prepared to meet our point of view in this field to the extent of limiting those production operations which might hamper ours because of a competing drain on raw materials, and while in fact they do not contemplate a great deal over and above that which they would do if the principle of maximum combined effort were adopted, they are not prepared to accept that principle as a guide for their future decisions in the areas other than that of atomic weapons. The British are of the view that they should be free to undertake work in the ore-to-fissionable-materials area so long as such work does not

⁶ On March 2, 1949, a Special Committee of the National Security Council consisting of the Secretary of State, the Secretary of Defense, and the Chairman of the U.S. Atomic Energy Commission, submitted a report to President Truman recommending negotiations with the United Kingdom and Canada looking toward regularization of cooperation in the field of atomic energy, cooperation which had been sporadic and which rested on an uncertain basis since the conclusion of the Second World War and the passage of the Atomic Energy Act of 1946 (PL 585, 79 Cong., 60 Stat. 755). For the report of the Special Committee and documentation on efforts pursuant thereto, see *Foreign Relations*, 1949, vol. I, pp. 443 ff.

detract from the major weapons effort in this country, either in terms of raw materials or scientific manpower.

Before proceeding to analyze our interest and intent in these negotiations, it should be pointed out that all U.S. participants are in agreement that a limited or particularized exchange of information has many shortcomings. Based largely on the experience under the *modus vivendi*,⁷ it is agreed that the exchange of information to provide maximum advantage should be across-the-board.

At the outset, we must consider what the U.S. interest is in obtaining from the British an assurance that they will not engage in additional production activities in the U.K.—even though those production activities do not compete for essential raw materials—if these production activities are of such a nature that they might more efficiently be conducted in the U.S. This constitutes one of the negotiating objectives of the March 2 paper, which the exploratory talks have indicated the U.K. will not accept. It must be assumed in considering this question that there have been constructed in the U.S. all the production facilities considered essential for the combined weapons program. In particular terms the question is, assuming that this is the case, what objection does the U.S. have if the U.K. construct in England a low separation diffusion plant and later is in a position to supplement it with a high separation diffusion plant, which would put them in possession of facilities for producing uranium-235 similar to, but smaller than, those now in existence at Oak Ridge. On the basis of the proposals made by the U.K., it is assumed that these plants would not have an adverse effect upon U.S. requirements for raw material and that the sending of British scientists to help in the combined program centered in the U.S. would not be interfered with. It must be recognized of course that there is always a question whether, in view of a substantial program existing in the U.K., it would be a second team that would come to this country. It is likely, however, that those scientists who would be engaged in the LSD and HSD operations in the U.K. would not have much to offer to U.S. operations in this area in which the U.S. already has a full-blown program.

This country would appear to have three interests in this regard. *The first* is, that both the U.S. and the U.K. suffer to the extent that men and materials are expended by the U.K. in England for the construction of what are essentially duplicate facilities if those men and materials might have been utilized either here or in the U.K. on some other phase of the program which is complementary to the existing program and hence would advance the combined program to a

⁷ Reference is to the *modus vivendi* for tripartite cooperation, concluded by the United States, the United Kingdom, and Canada and recorded in the minutes of the Combined Policy Committee, January 7, 1948; for text, see *Foreign Relations*, 1948, vol. I, Part 2, p. 683.

greater degree. In view of the nature of the scientific personnel and the materials utilized in this type of design construction and production activities, it is doubtful whether they would be needed in this country. We should scrutinize very carefully the suggestion that there are alternative lines of endeavor in the atomic energy program in which this effort might more profitably be expended in England.

The second interest grows from the fact that in matters of high strategic and military importance, it is very seldom possible to have a "surplus." While we may now say that our program in the U.S. takes care of our full strategic requirements, these requirements were not computed by any magic formula. We know that in time of emergency the combined program would rely on all production facilities which could produce the material to go into weapons and, to that extent, the combined program is worse off if portions of it are conducted in the relatively vulnerable England. But the alternatives are not construction of these production facilities in the U.K. or in the U.S. They are the construction of these facilities in the U.K. with British resources or not at all. In view of the fact that the atomic bombs that can be effective in war are those which are in existence at the outbreak of hostilities, and unless we are prepared to resume a wholesale evacuation of the British Isles of all production facilities of strategic importance, it is hard to see how an objection based on this point can be pressed very strongly.

A third point of view that has been expressed is that in giving the U.K. information in all fields of atomic energy, the U.S. has an interest in obtaining from the British an agreement to keep their program to a minimum, so that they will not be given a free ride by the U.S. in the industrial field and be in a superior competitive position with respect to the U.S. in the field of industrial application of atomic energy at some later date.

It must be recognized that what is immediately at issue are not industrial applications of atomic energy which are immediately useful in the production of power, but rather the production facilities necessary to assure supplies of uranium-235 (as well as plutonium), which would be essential for industrial applications if any should be developed. Information is valuable only if the recipient is in position to use it, and it is not much of an informational exchange which says to the British: "We will give you information concerning industrial uses, but you must not construct facilities to assure you an adequate supply of uranium-235, for use in any practicable benefits which might be obtained in the industrial field." This country might well expect allocation of effort on the basis of the maximization of advantage to the combined program. Such a requirement might be justified to prevent them—in a sense—from developing a program designed to "skim the cream" off the large amount of past U.S. research. But it is clear

that the British could never agree to forego the production plants which would be necessary to support a production of industrial application should any be developed on a combined basis, and insistence on this by the U.S. representatives would appear to have the sole effect of making any collaboration impossible.

ADRIAN S. FISHER
R. GORDON ARNESON

PM Files ¹

Memorandum by the Executive Secretary of the National Security Council (Lay) to the Secretary of State ²

TOP SECRET

WASHINGTON, January 19, 1950.

Subject: Development of Thermonuclear Weapons ³

At the direction of the President, the enclosed copy of a memorandum from the Joint Chiefs of Staff on the subject, which has been transmitted to the President by the Secretary of Defense, is furnished herewith for information in connection with the study on this subject by the Special Committee of the National Security Council.

JAMES S. LAY, JR.

[Annex]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Johnson)

TOP SECRET

WASHINGTON, 13 January 1950.

Subject: Request for Comments on Military Views of Members of General Advisory Committee.

The Joint Chiefs of Staff have studied the memorandum from your Deputy for Atomic Energy Matters dated 14 December 1949,⁴ together

¹ Files retained by the Bureau of Politico-Military Affairs, Department of State.

² Copy also transmitted to David E. Lilienthal, Chairman of the United States Atomic Energy Commission.

³ On November 19, 1949, President Truman designated the Secretary of State, the Secretary of Defense, and the Chairman of the United States Atomic Energy Commission as a special committee of the National Security Council to advise him on the question of whether the United States should develop thermonuclear weapons. For the President's directive and documentation regarding its implementation, see *Foreign Relations*, 1949, vol. I, pp. 587 ff. For additional information on the question of developing the hydrogen bomb, see Hewlett and Duncan, Chapters 12 and 13; R. Gordon Arneson, "The H-Bomb Decision," *Foreign Service Journal*, May 1969, p. 27, and June 1969, p. 24; and the U.S. Atomic Energy Commission, *In the Matter of J. Robert Oppenheimer: Transcript of Hearing before Personnel Security Board, Washington, D.C., April 12, 1954-May 6, 1954* (Washington: Government Printing Office, 1954).

⁴ The memorandum under reference has not been found in the files of the Department of State. Robert LeBaron was Deputy for Atomic Energy Matters to Secretary of Defense Louis A. Johnson.

with the enclosures thereto. They note that these enclosures include a report prepared by the General Advisory Committee to the Atomic Energy Commission at its 18th meeting in which its position regarding the development, production, and use of the thermonuclear (Super) weapon was set forth. In addition, they have noted the views of the individual members of the General Advisory Committee as expressed in their letters in the Annexes to the subject report.⁵ The Joint Chiefs of Staff understand that other agencies of the Department of Defense have been asked to comment on this matter.

The Joint Chiefs of Staff, in the interest of clarity and conciseness, have consolidated the major points raised in the subject report and in the letters by the members of the General Advisory Committee into five categories, namely, General, Military Value, Diplomatic Value, Psychological Value, and Moral Value, and have made their comments responsive to the following interrogatories which comprise the points raised under each category. In this connection, it should be pointed out that the tenor and the emphasis of the questions are such as to assume public knowledge of the development of the super bomb by the United States. The Joint Chiefs of Staff reaffirm their view that "any decisions or actions pertaining to the United States' effort to develop a thermonuclear weapon or any determination of its feasibility constitute a military secret of highest classification".*

a. General.

Question: Is it necessary now to launch a "crash" program for the development of a super bomb?

Comment: The Joint Chiefs of Staff at this time believe that it is not necessary to launch a "crash" program. However, they consider the following program to be the minimum effort which should be undertaken at this time:

(1) The determination of the technical feasibility of a thermonuclear explosion as a matter of top priority.

(2) Studies of the necessary delivery vehicle and ordnance problems should proceed concurrently with (1) above and should not necessarily await trial of a thermonuclear assembly.

⁵The report of the General Advisory Committee, October 30, 1949, is not printed. Its first part urged increased production of fissionable material. The second part recommended against the high-priority development of thermonuclear weapons. For texts of the letter from Dr. J. Robert Oppenheimer, Chairman of the General Advisory Committee, transmitting the report to the Chairman of the U.S. Atomic Energy Commission, October 30, 1949, and two letters expressing the views of individual members of the GAC (annexes to the report), see *Foreign Relations*, 1949, vol. I, p. 569. The GAC report is further described in Hewlett and Duncan, pp. 383-385.

*Memorandum for the Secretary of Defense dated 23 November 1949, subject: "The United States Military Position with Respect to the Development of the Thermonuclear Weapon." [Footnote in the source text. For text, see *ibid.*, p. 595.]

(3) Decisions pertaining to the production of thermonuclear weapons in any quantity should be deferred pending further determination of the ultimate feasibility of a thermonuclear explosion and the feasibility of an appropriate weapon carrier.

b. Military Value.

(1) *Question:* What would be the effect upon a possible enemy of the United States if it became known that the United States had undertaken the development of a super bomb?

Comment: Just as the known development of the atomic bomb is considered to have been a deterrent to aggression on the part of a possible enemy so would it be the case with the super bomb as well. However, the Joint Chiefs of Staff are convinced that the United States is not the only nation interested in the development of a super weapon. They are aware of the possibility that even the secret development of the super bomb in the United States may, by devious means, assist a possible enemy in the development of a similar weapon. However, they are constantly reminded, because of their responsibility for the military security of the United States, of the fact that failure on the part of the United States to proceed along normal lines of development of nuclear physics to the goal of a super bomb would not deter a possible enemy from such development but, on the other hand, United States success, if known, might have a sobering effect in favor of peace.

(2) *Question:* What effect would possession of the super bomb have upon the defensive power of the United States?

Comment: The Joint Chiefs of Staff realize that a balance between the defensive and the offensive aspects of warfare is essential if the United States is so to mobilize its strategic resources that it can develop its full capabilities against an enemy. The nature of modern war is such that defense alone cannot bring about a favorable decision. They believe that the truism, "the best defense is a good offense", is still valid. Hence, they are convinced that it is necessary to have within the arsenal of the United States a weapon of the greatest capability, in this case the super bomb. Such a weapon would improve our defense in its broadest sense, as a potential offensive weapon, a possible deterrent to war, a potential retaliatory weapon, as well as a defensive weapon against enemy forces.

(3) *Question:* Would it be preferable for the United States to undertake an all-out defensive program rather than expending national effort on production of the super bomb?

Comment: The comments to the General question (subparagraph *a*) and to question (2) above apply to this question as well. The Joint Chiefs of Staff would reiterate that no all-out defensive program for the United States would of itself assure victory in modern war.

(4) *Question:* Would possession of the super bomb increase the United States retaliatory power and strength to the extent that it would be decisive?

Comment: Possession of the super bomb would most certainly increase the United States retaliatory power and total military strength. Whether the increase would be sufficient to produce of itself a decision, the Joint Chiefs of Staff are not certain. They believe, however, that there is a possibility that such a weapon might be a decisive factor if properly used and prefer that such a possibility be at the will and control of the United States rather than of an enemy.

(5) *Question:* If the value of the super bomb is regarded as only that of retaliation, would the atomic bomb also be relegated to that category?

Comment: If any type of atomic weapon is to be used for retaliation only, then it must be assumed that all types of atomic weapons will be relegated to this category. However, the Joint Chiefs of Staff cannot accept as a premise that either the super bomb or the atomic bomb is valuable only as a weapon of retaliation.

(6) *Question:* What would be the effect of a program for the development of the super bomb upon the improvement of existing weapons and other means of defense?

Comment: Such a program is certain to cost the United States a large number of dollars, and would require considerable fissionable materials and industrial effort. Based on the assumption that the present atomic bomb program will be carried out, various estimates indicate that between one hundred and two hundred million dollars will be necessary to produce the additional materials for a super weapon. The assignment of some facilities and materials to the super weapon would to some extent interfere with the research and development program for military and peacetime application of atomic energy. However, the cost in money, materials, and in industrial and research effort in developing a super bomb appears to be within the capability of the United States without materially interfering with improvement of existing weapons and other means of defense.

(7) *Question:* What would be the effect of the development and production of the Super upon the capability of the United States industrial potential for conversion to a wartime basis?

Comment: The Joint Chiefs of Staff are of the opinion that, based upon the estimated cost of a normal super bomb development program (not a "crash" program), the development of a super bomb is within the capability of the United States and will not interfere materially with the conversion to a wartime basis of the United States war potential. It is true that the development program will interfere somewhat but they are of the opinion that the advantages to be gained through

the possession of the super weapon would more than offset any disadvantages that might result from any foreseeable delay in the conversion of United States industrial potential to a wartime basis.

(8) *Question:* Would the super bomb be delivered with more assurance than the atomic bomb?

Comment: The development of the carrier vehicle will depend largely on the characteristics, physical dimensions and weight of the weapon. There is no reason to believe that the delivery problem will be more acute with the super than with the fission bomb, considering the reduced accuracy of delivery required.

(9) *Question:* Is the Super the only weapon which would destroy certain heavy enemy structures?

Comment: Because of the theoretical and technical nature of the problem and in view of the press of time, the Joint Chiefs of Staff would prefer to withhold comment on this question. They understand that the Weapons Systems Evaluation Group has provided you with its answer to the question.

(10) *Question:* What would be the effects of strategic use of the Super by naval carriers?

Comment: The Joint Chiefs of Staff believe that the effects of the strategic use of the super bomb by naval carriers would not be different from the effects by other vehicles. The Joint Chiefs of Staff are primarily concerned with the strategic effects of the super bomb rather than with the question of Service delivery.

(11) *Question:* What is the tactical value of the super bomb?

Comment: Considering the nature of the military forces available to our most probable enemy and his use of such forces, the Joint Chiefs of Staff believe that there is a possibility that the super bomb will have a high tactical value in special situations for use against such targets as his massed forces might provide.

(12) *Question:* Should research continue on thermonuclear reactions or should it be publicly forsworn?

Comment: The Joint Chiefs of Staff strongly reaffirm their opinion that United States research on thermonuclear reactions should be continued at least until such time as an agreement for international control of atomic energy satisfactory to the United States is reached in the United Nations. Further, the Joint Chiefs of Staff interpose serious objections to any unilateral United States decision which would deprive the military of the results of research in the thermonuclear field. Accordingly, there should be no forswearing, either publicly or otherwise, of thermonuclear research; rather, effort should be made to pursue such research with highest security precautions. In this connection, the Joint Chiefs of Staff would again point out that research

in this field will continue regardless of United States decision, since such research is a normal and logical atomic development.

(13) *Question:* If the super bomb is developed, should its effect be demonstrated as an example?

Comment: No. The Joint Chiefs of Staff believe that any possible moral and psychological advantages of a demonstration are outweighed by its many well-known military disadvantages.

(14) *Question:* Would the super bomb be in a class outside that of a "military" weapon because it would be directed at the destruction of large cities or rendering large areas uninhabitable for long periods?

Comment: The Joint Chiefs of Staff believe not. They are responsible for the proper and efficient use of any weapon available to them. Further, they do not subscribe to the belief that the super bomb can be used only as implied in the question. They do not intend to destroy large cities per se; rather, only to attack such targets as are necessary in war in order to impose the national objectives of the United States upon an enemy.

c. Diplomatic Value.

Although this is a field in which the Joint Chiefs of Staff do not have primary cognizance, they believe that the following questions have military connotations and as such are within their purview.

(1) *Question:* Would the United States national policy be strengthened by overt or covert possession of the super bomb?

Comment: Since national policy is greatly dependent upon a nation's military capability and since the super bomb would materially increase that capability, the answer to this question is definitely in the affirmative. Conversely, the Joint Chiefs of Staff believe that the United States would be in an intolerable position if a possible enemy possessed the bomb and the United States did not.

(2) *Question:* What effect would renunciation of the super bomb by the United States have upon the world?

Comment: In the present world, where peace and security rests so completely on the military capability of the United States vis-à-vis Communist aggression, it would be foolhardy altruism for the United States voluntarily to weaken its capability by such a renunciation. Public renunciation by the United States of super bomb development might be interpreted as the first step in unilateral renunciation of the use of all atomic weapons, a course which would inevitably be followed by major international realignments to the disadvantage of the United States. Thus, the peace of the world generally and, specifically, the security of the entire Western Hemisphere would be jeopardized.

(3) *Question:* Would introduction of United States renunciation of the super bomb into armament negotiations change the course of these discussions?

Comment: The Joint Chiefs of Staff, having been closely associated with the armament negotiations in the United Nations, believe that the record of such negotiations indicates the impossibility of a change in the course of future negotiations until the USSR alters its uncompromising attitude. It is likely that known possession of the super bomb on the part of the United States and the lack of such a bomb on the part of the USSR could well affect future armament negotiations.

(4) *Question:* Should the United States postpone the super bomb project until the response of other nations has been received?

Comment: Except possibly for such nations as were closely and intimately allied with the United States in World War II in the Manhattan Project and which higher authority may decide to consult, the Joint Chiefs of Staff are of the opinion that responses from other nations should not be sought. Again, the Joint Chiefs of Staff believe that there are nations which, upon seeing the possibility of the development of a super bomb, will pursue that development to a feasible end without first seeking outside response.

d. Psychological Value.

(1) *Question:* What effect would fear of the use of a super bomb by an enemy have upon the United States?

Comment: One effect most certainly would be that those persons who really fear the use by an enemy of a super bomb on the United States would bring a tremendous pressure to bear to provide a maximum defense for each locality in which they happened to live and work. As a result of such pressures and demands, the strategic resources of the United States could be so diverted to defensive requirements that the United States would find itself unable to generate sufficient offensive power to gain victory.

(2) *Question:* What effect would fear of the use of the super bomb by the United States have upon an enemy?

Comment: The comments to the question immediately above apply in this case in reverse order. Further, the Joint Chiefs of Staff believe that fear of the use of a super bomb by the United States might deter an enemy from taking aggressive action.

(3) *Question:* What effect would known possession of the super bomb by the United States have upon the public?

Comment: The Joint Chiefs of Staff believe that the people of this country demand that those charged with the military security should have the most modern effective weapons. The public expects that the United States Government will do everything possible to prevent a war while at the same time being prepared to win a war should it come.

(4) *Question:* Would known possession of the super bomb grossly alter the psychological balance between the United States and the USSR?

Comment: They believe it would, and, further, that the balance would be grossly in favor of the United States until such time as the USSR had developed a stock pile of super bombs.

(5) *Question:* What effect did announcement of the Russian explosion have upon the feeling of security of the American public?

Comment: The Joint Chiefs of Staff are informed that this is a question now under highest priority study by the Central Intelligence Agency. So far as the responsibilities of the Department of Defense are concerned, the Joint Chiefs of Staff are of the opinion that the American public now feels less secure than prior to their knowledge of Russian possession of atomic capability and that the public expects the Department of Defense to take action necessary to regain the favorable balance previously held.

e. Moral Value.

(1) *Question:* Would the moral position of the United States in the eyes of Americans and the people of the world be changed by knowledge of United States development of the super bomb to such an extent that the United States position of leadership would be altered?

Comment: There are people of the world who believe in the integrity and the rectitude of the United States in its position as a world leader. Further, there are people who malign that leadership at every opportunity. The Joint Chiefs of Staff believe that the former will look to the United States to retain its moral and physical leadership position and will expect the United States to take whatever action is necessary in order to do so. Friendly peoples undoubtedly would accept the development of a super bomb as a requirement for maintaining the world power position. They know that the United States would never use such power for aggrandizement but would use it in order to protect the security interests of those people who, too, seek the achievement of international peace and security. Those who malign the position of the United States will believe that which they are told to believe.

The Joint Chiefs of Staff hold themselves responsible for the recommendation of such action as they see necessary to achieve a military position for the United States that will, in the first instance, deter a possible enemy from undertaking war and, in the last instance, win that war should an enemy undertake it. They believe that it is imperative to determine conclusively the feasibility of a thermonuclear explosion and its characteristics. Such determination is essential for

U.S. defense planning, preparations for retaliation, and direction for our research and development programs. There are undoubtedly a number of moral objections which may be considered to argue against research and development by the United States leading to the development and test of a thermonuclear weapon. The above military considerations outweigh such possible objections. In addition, it is difficult to escape the conviction that in war it is folly to argue whether one weapon is more immoral than another. For, in the larger sense, it is war itself which is immoral, and the stigma of such immorality must rest upon the nation which initiates hostilities.

For the Joint Chiefs of Staff:

OMAR N. BRADLEY

Chairman

Joint Chiefs of Staff

Acheson Papers ¹

Memorandum of Telephone Conversation, by the Secretary of State ²

TOP SECRET

[WASHINGTON,] January 19, 1950.

Admiral Souers ³ called me today to say that the President mentioned the publicity on the hydrogen bomb and said that he had a report from Sec. Johnson ⁴ which to him made a lot of sense and he was inclined to think that was what we should do. The President had given Admiral Souers two copies of the memorandum and asked that one be given to me and one to Mr. Lilienthal. The report actually was from General Bradley to Secretary Johnson. Admiral Souers said he thought someone was playing on the unilateral side, but he would get it back into the NSC machinery and he did not think it was too far afield. He thought the State Department people had seen it, but I said I was sure I had not had it.

I said I had been talking with Paul Nitze ⁵ this afternoon and asked him to talk with Admiral Souers about a paper we have been working on here. ⁶

I pointed out to the Admiral that before I committed myself to any position on the matter I had wanted to see all the people Lilienthal wanted me to see. I had done that and thought the next thing was to have a meeting with Admiral Souers, Secretary Johnson, Mr. Lilienthal and any people they wanted to bring.

¹ Papers of Dean Acheson, Secretary of State, 1949-1953, at the Harry S. Truman Library, Independence, Missouri.

² Drafted by Barbara Evans, Mr. Acheson's personal secretary.

³ Sidney W. Souers, Consultant to the President on National Security Affairs.

⁴ Of January 13, p. 503.

⁵ Paul H. Nitze, Director of the Policy Planning Staff.

⁶ Possibly a reference to the paper cited in the editorial note, *infra*.

I said I had about reached the position that we should advise the President to go ahead and find out about the feasibility of the matter. But that we should be quite honest and say that in advising this action, we are going quite a long way to committing ourselves to continue down that road. However, after considering drawbacks and advantages, adding and subtracting, that seemed to me the position we should take.

I expressed the hope that at the proposed discussion with him, Johnson, Lilienthal, etc., the discussion should be on the broad question and not an editing of a paper. Everyone should be given a chance to say all he wanted to say. Then the paper should be thrown into the working group under NSC for editing, etc. We could then have one more meeting and report to the President. Admiral Souers seemed to agree with this suggested procedure, except that he thought Jimmy Lay should be tied in with it.

I stressed again how important I thought it was that we should have for the President a straightforward paper and an honest one; not glossing over some of the problems or letting the President think the problems less than they are; nor making it into a pleader's paper. I mentioned my talk with President Conant⁷ and said that after listening to him, it would be very easy to arrive at the opposite conclusion, except that in arguing against the position I had come to, he admittedly could not suggest an alternative.

Admiral Souers and I agreed that in the paper we should point out the desirability of studying once more the over-all picture of international control and the bare possibility of arriving at some agreement.

DEAN ACHESON

⁷ The conversation between Secretary Acheson and Dr. James B. Conant, President of Harvard University and Member of the General Advisory Committee of the United States Atomic Energy Commission, has not been identified.

Editorial Note

On January 20, 1950, George F. Kennan, Counselor of the Department of State, completed a 79-page memorandum on the international control of atomic energy. This study treated the interrelated problems of international control, the development of thermonuclear weapons, and national strategic plans. For extracts from the Kennan memorandum and written comments on it by several officers of the Department, see pages 22 ff.

PM Files

*Report by the Special Committee of the National Security Council
to the President*¹

TOP SECRET

[WASHINGTON,] January 31, 1950.

DEVELOPMENT OF THERMONUCLEAR WEAPONS

THE PROBLEM

1. By letter to Mr. Souers dated November 19, 1949, the President designated the Secretary of State, the Secretary of Defense, and the Chairman of the Atomic Energy Commission as a special Committee of the National Security Council to make recommendations

a. "as to whether and in what manner the United States should undertake the development and possible production of 'super' atomic weapons", and

b. "as to whether and when any publicity should be given to this matter."

ANALYSIS

2. The nature of the decision on which the Committee has been called upon to make recommendations needs to be defined with some precision. Systematic theoretical investigations on the possibilities of a thermonuclear weapon were undertaken at Los Alamos in the fall of 1943, and some work on this problem has been going on since that time (Appendix A).² . . . Assuming a continuation of the present

¹The body of this report is based on a working paper dated January 24, 1950, prepared by R. Gordon Arneson, Special Assistant to Under Secretary of State Webb for atomic energy policy. The working paper is printed in large part in Arneson, "The H-Bomb Decision" (part II), *Foreign Service Journal*, June 1969, pp. 25-26. On January 24, Secretary Acheson approved the working paper as a draft report to the President and transmitted it to Secretary Johnson and Commissioner Lilienthal.

The Special Committee (Acheson, Johnson, and Lilienthal) considered and approved the working paper at a meeting of January 31, making a limited number of modifications. The session is described in Lilienthal, pp. 623-632, and in Acheson, pp. 348-349. The Special Committee immediately proceeded to the White House where President Truman indicated his approval of the report. The White House meeting is not documented in the files of the Department of State, but is described in Lilienthal, pp. 632-633, and in Acheson, p. 349.

Later on January 31, the President released the following statement:

"It is part of my responsibility as Commander in Chief of the Armed Forces to see to it that our country is able to defend itself against any possible aggressor. Accordingly, I have directed the Atomic Energy Commission to continue its work on all forms of atomic weapons, including the so-called hydrogen or super-bomb. Like all other work in the field of atomic weapons, it is being and will be carried forward on a basis consistent with the overall objectives of our program for peace and security.

"This we shall continue to do until a satisfactory plan for international control of atomic energy is achieved. We shall also continue to examine all those factors that affect our program for peace and this country's security." (*Public Papers of the United States: Harry S. Truman, 1950*, p. 138)

²Appendix A, a historical statement prepared by the U.S. Atomic Energy Commission, is not printed. The statement summarized past research and development in the field of thermonuclear weapons.

program at the present rate, however, it would be many years before a test of a thermonuclear weapon would be possible.

The question presented is whether the United States should undertake at this time an accelerated program to determine the feasibility of a thermonuclear weapon, should continue its research at the present rate, or should place a moratorium on further work in this field.

3. An all-out effort leading to both a feasibility test and quantity production of "supers" would seriously impair the efficiency and output of the fission bomb program, but there appear to be no advocates for this type of effort. Technical studies of the Atomic Energy Commission indicate that an accelerated research and development program to test the feasibility of such a weapon (as distinguished from a quantity production program) would require a minimum time of three years; that with such a target date other weapon developments now under way, principally lighter and smaller weapons aimed at improved deliverability . . . could probably still be carried out, but not with the care and refinement originally planned; that this probable decrease in refinement would not be sufficiently important to serve as a deterrent to an accelerated effort on thermonuclear research and development (Appendix B).³ The important consideration from a military point of view appears to be that the most advantageous rate and scale of effort would be such as to produce a weapon for testing as soon as possible without significant impairment to the quantity output of fission weapons as scheduled (Appendix C).

4. In the present state of knowledge, it appears that there is at least a 50-50 chance that a thermonuclear weapon will be feasible, but this cannot be determined except by actual test (Appendix B, par. 1 and par. 17).

5. It is estimated on the basis of technical studies made by the Atomic Energy Commission and the Department of Defense that an accelerated program, including ordnance and carrier development, is within the capabilities of the United States from the point of view of money, materials, and industrial effort.

6. Knowledge as to whether the thermonuclear bomb is or is not feasible and knowledge as to its potentialities and limitations, if feasible, are of importance to military planning and foreign policy planning (see Appendix C). It should be recognized, however, that the failure of any given test may not conclusively demonstrate that other methods might not be feasible.

7. It must be considered whether a decision to proceed with a

³ Appendix B, a staff study prepared by the U.S. Atomic Energy Commission, is not printed. The study discussed the requirements for and feasibility of construction of the hydrogen bomb, as well as the characteristic of the weapon.

program directed toward determining feasibility prejudices the more fundamental decisions (*a*) as to whether, in the event that a test of a thermonuclear weapon proves successful, such weapons should be stockpiled, or (*b*) if stockpiled, the conditions under which they might be used in war. If a test of a thermonuclear weapon proves successful, the pressures to produce and stockpile such weapons to be held for the same purposes for which fission bombs are then being held will be greatly increased. The question of use policy can be adequately assessed only as a part of a general reexamination of this country's strategic plans and its objectives in peace and war. Such reexamination would need to consider national policy not only with respect to possible thermonuclear weapons, but also with respect to fission weapons—viewed in the light of the probable fission bomb capability and the possible thermonuclear bomb capability of the Soviet Union. The moral, psychological, and political questions involved in this problem would need to be taken into account and be given due weight. The outcome of this reexamination would have a crucial bearing on the further question as to whether there should be a revision in the nature of the agreements, including the international control of atomic energy, which we have been seeking to reach with the U.S.S.R.

8. There is evidence which leads to the belief that the Soviet Union prefers to put its chief reliance on winning the cold war rather than precipitating a hot war. There is also ground for the belief that the Soviet Union would prefer not to use weapons of mass destruction except in the event of prior use by others. These assumptions might appear to argue for renunciation by the United States of work in the field of thermonuclear weapons. We cannot safely assume, however, that these hypotheses are correct. Even if they are correct, it cannot be assumed that the Soviet Union would forego development of this weapon any more than she has been willing to forego the development of the fission bomb. Sole possession by the Soviet Union of this weapon would cause severe damage not only to our military posture but to our foreign policy position.

9. There is also the question of possible effect on Soviet attitudes and actions of a decision to proceed with a program to test the feasibility of thermonuclear weapons.

a. Would a decision on the part of the United States to go ahead with an accelerated program cause the Soviet Union to press ahead in this field more vigorously? The theoretical possibilities of a thermonuclear reaction have long been known; as early as 1932 there were suggestions by Russian scientists and others that thermonuclear reactions might release enormous amounts of energy (Appendix A). The

Soviet Union probably has felt it could not make any other assumption than that the United States is working on such a weapon, especially in view of the public discussion that has already taken place. It is difficult to escape the conclusion that the Soviet Union will make an intensive effort to produce thermonuclear weapons. A decision to accelerate our program may cause the Soviet Union to increase the priority of these efforts. Knowledge by the U.S.S.R. that we had successfully completed development of a thermonuclear weapon might have the effect of increasing the probability that the USSR would successfully develop a similar weapon. These are risks which are difficult to measure, but which we must frankly face up to if a decision is made to accelerate our development program.

b. It does not appear likely that the character of United States military developments will have a decisive effect on Soviet military developments or be the cause of an arms race. The Soviet decision to reequip its armies and devote major energies to developing war potential, after the end of the war and at a time when we were disbanding our armies, was based on considerations more profound than our possession of the atomic weapon.

10. *a.* The possibility of the Russians' developing a thermonuclear weapons capability, added to their probable growing fission bomb capability, re-emphasizes the importance of effective international control of the entire field of atomic energy. Even if we can find a new approach to the control of atomic energy which would be acceptable to us and to our allies, and which offers greater prospect than the U.N. plan of being negotiable with Russia, the necessary negotiations probably could not be completed in less than a year and a half to two years. But to delay an accelerated program of development for such a period in the absence of adequate assurance that work in the Soviet Union had been similarly delayed, would measurably increase the prospect of prior Soviet possession of thermonuclear weapons.

b. It has been suggested that a decision should be deferred until an approach has been made to the Soviet Union proposing that both nations forego work in the field of thermonuclear weapons. If such a proposal were coupled with a plan for the necessary safeguards to insure that the renunciation was in fact being carried out—these safeguards necessarily involving an opening up of Soviet territory—it is the view of the Department of State that the proposition would be unacceptable to the Soviet Union to the same degree that the United Nations plan for the control of atomic energy is unacceptable. If not coupled with such safeguards, it is not believed that sufficient assurance would be gained from such an agreement to make it worth while.

RECOMMENDATIONS

11. In the light of the foregoing considerations, the following recommendations are made:

a. That the President direct the Atomic Energy Commission to proceed to determine the technical feasibility of a thermonuclear weapon, the scale and rate of effort to be determined jointly by the Atomic Energy Commission and the Department of Defense; and that the necessary ordnance developments and carrier program be undertaken concurrently;

b. That the President direct the Secretary of State and the Secretary of Defense to undertake a reexamination of our objectives in peace and war and of the effect of these objectives on our strategic plans, in the light of the probable fission bomb capability and possible thermonuclear bomb capability of the Soviet Union;⁴

c. That the President indicate publicly the intention of this Government to continue work to determine the feasibility of a thermonuclear weapon, and that no further official information on it be made public without the approval of the President.

[Here follow Appendix A, a historical statement, and Appendix B, a staff study, prepared by the U.S. Atomic Energy Commission.]

Appendix "C"

THE MILITARY IMPLICATIONS OF THERMONUCLEAR WEAPONS⁵

THE PROBLEM

1. To determine the military implications of weapons employing thermonuclear reactions in deuterium and tritium to obtain energy releases in the order of millions of tons of TNT.

ASSUMPTIONS

2. That it is within the capabilities of the United States from the standpoint of money, materials and industrial effort to develop for test of feasibility a prototype thermonuclear weapon.

3. If the thermonuclear reaction of light elements were proved feasible of attainment, that it would be within the capabilities of the United States to produce these weapons in limited quantities.

4. That no practical factors are known to exist which conclusively eliminate the possibility or probability of Soviet development of a thermonuclear weapon in minimum quantities.

⁴ Interdepartmental efforts pursuant to this recommendation resulted in the preparation of NSC 68, "United States Objectives and Programs for National Security," a report to the President, April 7, 1950. For the text of NSC 68 and related documentation, see pp. 234 ff.

⁵ Prepared by the Department of Defense.

5. That moral considerations are not germane to the limited objective covered by this problem, i.e., the development and test of the weapon to determine its feasibility. Determination of production and use of the weapon is likewise outside the province of this problem.

DISCUSSION

6. See Annex 1.

CONCLUSIONS

7. The United States military position with respect to the development of the thermonuclear weapon should be :

a. Possession of a thermonuclear weapon by the USSR without such possession by the United States would constitute a situation fraught with danger to the United States, and must be avoided.

b. It is imperative to determine the feasibility of a thermonuclear explosion, and its characteristics, at the earliest practicable date. This determination is essential for United States offensive and defensive planning, and direction of research and development.

c. If a thermonuclear weapon is determined to be feasible, the following considerations pertaining to military requirements are currently evident :

(1) Possession of such weapons by the United States may act as a deterrent to war.

(2) Possession of such weapons by the United States will provide an offensive weapon of the greatest known power possibilities thereby providing increased flexibility and effectiveness to our operations in the event of hostilities.

d. The cost in money for materials, and the research and industrial effort of this determination of feasibility is estimated at between 100 and 200 million dollars by the Atomic Energy Commission. This is within the capabilities of the United States. The USSR has the same capability.

e. When used against especially selected remunerative targets the thermonuclear weapon, if feasible, can be utilized in lieu of a greater number of fission bombs. This would enable the delivery of a given amount of damage in less time with less exposure and with greater effectiveness than through the employment of a greater number of fission bombs. Furthermore, the weapon promises to be more efficient in utilization of available ore and production capacity per unit area of damage.

f. A unilateral decision on the part of the United States not to develop a thermonuclear weapon will not prevent the development of such a weapon elsewhere.

g. It should be possible to maintain the necessary military secrecy on a subject of such importance to the security of the United States. However, it is believed that development of this weapon as a complete surprise to the USSR is not possible.

h. In summary, from the military point of view, determination of the technical feasibility of the thermonuclear explosion is essential. This does not imply a "crash" or "all-out" program, but, on the contrary, an orderly and economical solution of the problem.

Annex 1

DISCUSSION

1. *General.* From the discussion of technical considerations by the Atomic Energy Commission, it appears that there is a reasonable chance that a thermonuclear reaction of light elements can be achieved by the United States within the next few years after a special effort in this direction is initiated. Consideration of known Soviet developments in the field of atomic energy reveals a degree of Soviet capability also to develop a thermonuclear weapon. The following discussion explores the implications of the military applications of thermonuclear weapons in order to present pertinent facts which may be of assistance in arriving at a decision as to whether or not a special effort will be initiated at this time to achieve a thermonuclear weapon or to determine conclusively its lack of feasibility.

2. *The Potential Military Applications of the Super.*

a. *Effects.*

From the point of view of military usefulness, the only effects which need be given consideration at this time are the blast and thermal radiation. In contrast to fission bombs, the nuclear radiation will be relatively unimportant and for the present need only be considered from a defensive point of view or under special conditions of detonation.

Preliminary studies based on a comparative analysis of effects of a 40,000 KT Super to a 40 KT fission bomb indicate that:

(1) The Super will produce a blast damage area greater than 50 times that produced by a fission bomb.

(2) Under average atmospheric conditions, the Super will produce thermal effects over an area 60-170 times that from a fission bomb.

b. *Damage Characteristics of the Super.*

While the fission bomb may yield an overpressure of 28 p.s.i. or more out to a distance of 2500 feet, the same pressure level may extend to 23,000 feet in the case of the Super. But there is no comparison between the destructive level which is attained inside these radii; for the super pressure levels near "ground zero" are at least twenty times higher than those for the fission bomb, and the Super bomb pressure level is always higher than the fission bomb pressure level at corresponding points inside the two damage circles. Hence, the damage in the large circle associated with the Super is many-fold more complete than that in the smaller circle associated with the fission bomb. It must be concluded, then, that the Super is not directly comparable to a given number of fission bombs, for the peak pressures attained from the Super cannot be attained with the airburst fission bombs and these Super bomb pressures result in complete demolition of a large area.

Preliminary target studies based on the anticipated effects of the Super have borne out this conclusion. From these studies it appears that a limited number of strategic and tactical targets will exist, in the event of hostilities with the USSR, which are peculiarly adapted to the Super. The estimated effects of the Super on heavy materiel and structures and on troop concentrations will permit:

(1) The achievement of certain strategic and tactical objectives at a substantial saving in terms of fission bombs, one Super replacing 10-50 fission bombs, depending on the specific target.

(2) A far higher level of assurance of success against certain strategic and tactical targets of the highest importance.

(3) The accomplishment of a level of destruction against very heavy structures, troop concentrations, and materiel which, though desirable, is not practicable of attainment with fission bombs except by heavy expenditure and accurate placement on target.

3. *Delivery Considerations.* The violence of the blast and thermal effects of the Super require any manned aircraft to be a minimum of 30 miles from the detonation point. This requirement will dictate an unmanned vehicle to traverse the final 50 to 100 miles to the target. The development of such a vehicle is a problem which remains to be solved in conjunction with the development of the weapon itself, being dependent largely upon the characteristics, physical dimensions and weight of the weapon. It is impracticable at this time to anticipate the exact nature of the eventual carrier. It is apparent that eventually a supersonic unmanned vehicle will be necessary, depending upon the scientific advancement in the field of guided missile ground-to-air weapons. It is also apparent that under such conditions of opposition, a supersonic delivery vehicle is also indicated for fission bombs. Thus a seemingly paradoxical situation may eventually develop wherein the larger, more cumbersome Super may eventually be easier to deliver by virtue of the fact that it may be less demanding for refinements in the guidance system of the final delivery missile. In any event, in consideration of the technical problems in the development of the weapon as compared to the carrier, it is believed that the carrier problem, although difficult, is the lesser of the two.

4. *Other Important Military Implications.* In consideration of the above military applications for the Super, the potential advantages of which would accrue to a nation possessing these weapons, the following discussion explores additional military implications under several hypotheses of possession.

a. *Hypothesis: Sole Possession by the USSR.* Aside from the power ratio differential of the Super as compared to the fission weapon and of the psychological potential which automatically exists through enemy exploitation of this ratio differential, there is the added factor that if we fail to develop a thermonuclear weapon and thereby lack

knowledge of its positive effects, we shall be unable to counter possible enemy exploitation of the frightening and paralyzing fiction which has become associated from time to time with thermonuclear explosions. Accordingly, it must be anticipated that the development of a thermonuclear weapon by the USSR in advance of the United States, particularly if the announcement follows secret development, would have a demoralizing effect on the American people. It would have psychological and political repercussions which might raise a question concerning the continued unity of spirit, confidence and determination among the nations of the western world. The situation today is strikingly parallel to that of a few years ago when this nation was engaged in a race to develop a fission bomb before Germany. From the Soviet point of view, sole possession of the thermonuclear weapon would place in their hands an offensive weapon of the greatest known power possibilities. It would provide the Soviet leaders, people and satellites with a psychological boost which in peacetime could lead to increased truculence in international affairs and increased political infiltration in nations of the western world. The "blackmail" potential of the thermonuclear weapon would serve the USSR well in its aims to impose its will upon the nations of Europe and to alienate these nations from the Western camp. In time of war, sole possession of the thermonuclear weapon and possession of fission weapons coupled with superiority of conventional military forces would provide the Soviets with the necessary balance to current Western unity and to our superior fission weapon stockpile to enable them to risk hostilities for the rapid achievement of their objectives. The above developments cannot be forecast with certainty; however, the materialization of one or more of these possible developments could have such an unacceptable effect upon our world position as to force a complete re-evaluation of our strategic plans and of our national objectives in peace and in war. It is concluded that possession of a thermonuclear weapon by the USSR without such possession by the United States would constitute a situation fraught with danger to the United States, and must be avoided.

b. Hypothesis: Sole Possession by the United States. The sole possession of this weapon by the United States would cause all of the practical and many of the psychological advantages of possession of thermonuclear weapons to accrue to our side, and may act as a deterrent to war. From the practical point of view, possession of this weapon would add materially to the striking power of our forces against those important tactical and strategic objectives which are particularly adapted to a thermonuclear weapon. For example, large concentrations of enemy troops and materiel, such as occur frequently in war (the Normandy invasion, the defense of Stalingrad, the Bulge break-through, large dumps, singularly important airplane concentrations, and other such large but lucrative targets) which would now require multiple delivery of fission weapons, could be destroyed or critically disrupted with a single thermonuclear weapon. Since this destruction could be applied throughout the target area with simultaneity, the value of surprise could be exploited to the maximum. Effective destruction of the above target types may well lead to decisive results since such concentrations normally occur in connection with critical operations in war. Moreover, attack of enemy atomic air

bases with a thermonuclear weapon may be the only effective defense against enemy atomic attack. If, on the other hand, enemy knowledge of our possession of this weapon causes them so to conduct operations as to avoid concentrations of troops and materiel to a materially greater extent than is now indicated by our possession of fission weapons, we shall have forced them to abandon the source of their greatest strength, employment of mass. There is an additional advantage of the thermonuclear weapon. The thermonuclear weapon promises in the high ranges of energy release to be more efficient in the utilization of available ore and production capacity per unit of damage area.

c. Hypothesis: Possession by Both Countries. It is clear that under these conditions the world would be precipitated into the atomic age much more rapidly than would otherwise be the case. Such requirements as dispersal of industry, dispersal on the battlefield, avoidance of reliance upon ports, beachheads, large airfields, etc., would become more mandatory and on a considerably larger scale than is now indicated by mutual possession of fission weapons. Under such conditions it can be anticipated that great stress will be placed by each protagonist on the attempt to deliver as the initial act of hostilities a paralyzing blow on the offensive atomic capabilities of the enemy, such as air bases for the atomic carrier force. Accordingly, it appears reasonable to forecast that great effort must be made to allow the development of suitable techniques of operational employment under conditions of dispersion which will achieve an adequate degree of invulnerability of retaliatory attack force.

d. Hypothesis: Firm Determination of Infeasibility. Because of the above military implications which are associated with the development of a thermonuclear weapon, it is imperative to determine conclusively the feasibility of a thermonuclear explosion and its characteristics. Such determination is essential for United States defense planning, preparations for retaliation, and direction for our research and development programs. There are undoubtedly a number of possible social, psychological and moral objections which may be considered to argue against research and development by the United States leading to the development and test of a thermonuclear weapon. The above considerations outweigh such objections. In addition, it is difficult to escape the conviction that in war it is folly to argue whether one weapon is more immoral than another. The United States has enjoyed and relied upon a measure of technological advantage over the USSR. This advantage lies principally in our industrial capacity, our stockpile of atomic weapons, and our ability to deliver these weapons. We no longer have a monopoly of atomic weapons, which fact lessens our degree of technological advantage. There are indications that the USSR also has some capability of producing a thermonuclear weapon. To stop arbitrarily our atomic research at the frontier of thermonuclear reactions would guarantee the loss of our technological advantage and further would not prevent development of this weapon by the USSR as long as war remains a possibility. If we do not determine the feasibility of a thermonuclear weapon before a war, we would be forced to make this determination on a "crash" basis upon the initiation of hostilities. In view of the above, it is considered that the cost involved in a determination of feasibility of a thermonuclear explo-

sion is insignificant when compared with the urgency to determine more accurately the ceiling on atomic development.

5. *Consideration of Current Policy on International Control.* The military is in strong support of the United States position in the United Nations on international control of atomic energy. Preliminary studies indicate that the possible existence of a thermonuclear weapon does not appear to warrant change of the attitude of the military, with the exception that serious consideration must be given to the probability that adequate control would be more difficult and that successful violation of control would be much more significant. Detailed studies by the United States in this regard are indicated and should be undertaken without delay.

6. *Considerations of Timing and Intensity of Effort.* The overriding considerations which indicate a necessity for the development and test of a thermonuclear weapon occur in conjunction with the analysis of the situation which would exist if the USSR had sole possession of a thermonuclear weapon. Accordingly, our plans must be on such a scale that we do not lose an appreciable amount of time in determining the feasibility of such a weapon. From the military point of view the following minimum program should be undertaken at this time:

a. The determination of the technical feasibility of a thermonuclear explosion as a matter of top priority.

b. Studies of the necessary delivery vehicle and ordnance problems should proceed concurrently with *a* above and should not necessarily await trial of a thermonuclear assembly.

7. *Considerations Regarding Security.* There are many facets to the question of whether it should be made a matter of public knowledge that the United States is engaged in an active effort to develop a thermonuclear weapon. It is considered that public discussion once initiated and encouraged is extremely difficult to control and inevitably leads to a greater disclosure than originally intended. An additional factor of military significance is the divergence of opinion among scientific circles in this country relative to the feasibility of a thermonuclear explosion. It can be expected that such divergence of opinion exists in the USSR on at least an equivalent parity. If the United States announces that we are engaged in an active effort to develop a thermonuclear weapon, such positive knowledge would give added credence and ascendancy to the Soviet group sponsoring development in this field and may result in an earlier start or greater impetus to the Soviet program. For the above two reasons, it is considered that any decisions or actions pertaining to United States effort to develop a thermonuclear weapon or any determination of its feasibility is military information of the highest security classification.

Editorial Note

On February 2, 1950, Dr. Klaus E. J. Fuchs, Chief of the Theoretical Physics Division of the British Atomic Energy Research Establishment at Harwell, was arrested in London and charged with engaging in espionage for the Soviet Union. A German-born naturalized British citizen, Fuchs was one of about 20 British scientists who came to the United States in December 1943 to contribute to the development of the atomic bomb. From December 1944 to June 1946 Fuchs worked at Los Alamos Laboratories where he was intimately involved in the development of the atomic bomb and may have had access to information relevant to hydrogen bomb development. In 1946 he returned to England to participate in the British atomic energy program. In November 1947 he once more visited the United States, representing the United Kingdom in a tripartite atomic energy information declassification conference in Washington. He visited certain atomic energy installations during his stay in the United States.

On February 10, 1950, Dr. Fuchs admitted in a signed statement that he had transmitted atomic energy information to the Soviet Union during and after the Second World War because he had been devoted to Communism. On March 1 Fuchs pleaded guilty and received the maximum 14 years' sentence under the British Official Secrets Act.

Policy Planning Staff Files ¹

*Memorandum by the Secretary of State to the Executive Secretary
of the National Security Council (Lay)*

TOP SECRET

[WASHINGTON,] February 8, 1950.

The attached questions and answers relating to the President's announcement of January 31, regarding work on the so-called hydrogen bomb, have been prepared by the Department of State with the assistance of the Department of Defense and the Atomic Energy Commission.

This material is not intended for publication or attribution. It is intended solely for the background and guidance of principal Departmental officers and of our Missions abroad. The answers set the limit within which comment may be made in response to questions. The officers concerned would be instructed that no further comment is to be made without specific authorization of the President. The

¹ Lot 64D563, files of the Policy Planning Staff of the Department of State, 1947-1953.

Department believes that this background information is necessary in order to establish the limits of comment and to channel otherwise uncontrolled public discussion at home and abroad along lines most favorable to the achievement of U.S. foreign policy objectives.

The Atomic Energy Commission has concurred informally in the questions and answers, and in the view that they should be made available as described above.

The Department of Defense considers that any further information beyond that contained in the President's announcement of January 31 would serve no useful purpose at this time. It agrees, however, that if a decision is made that it is necessary to provide background information, these questions and answers are satisfactory.

This material is submitted for the President's approval in accordance with the third paragraph of his decision of January 31 regarding work on the hydrogen bomb.²

[Annex]

Questions and Answers Prepared in the Department of State

TOP SECRET

[WASHINGTON,] February 8, 1950.

1. Does scientific evidence make it appear likely that hydrogen bombs can be made?

The hydrogen bomb is theoretically possible. The principles underlying it have been known to scientists here and abroad for a number of years. There have been many papers published as to the scientific possibility of such a weapon in the last ten or twelve years.

2. What is the cost of the program?

A definite answer cannot be given, but it appears that some of the press estimates are exaggerated.

3. How long would it take to produce one?

To answer this question would not be compatible with national security.

4. Would our possession of this weapon make a foregone conclusion that it would be used in case of war?

No. The decision as to use would be made at the proper time in the light of all relevant considerations.

5. Is the President's announcement regarding the hydrogen bomb likely to cause any change in Soviet policies?

² During a conversation with Secretary Acheson on February 16, President Truman indicated that he did not wish the questions and answers to circulate (memorandum of conversation by Acheson, February 16, 1950, Policy Planning Staff Files).

We should like to believe that all nations genuinely desirous of peace will recognize the increased urgency of coming to agreements that will tend to relieve international tension.

6. Do we know whether the Russians are working on the hydrogen bomb?

We have no reason to doubt that they are working on all types of atomic weapons.

7. Do we know how advanced the Russians are in the development of the hydrogen bomb?

It would not be compatible with our national security to give out any information on this subject at this time.

8. Do we know whether the Russians have produced a hydrogen bomb?

(Same answer as to 7.)

9. Is there a danger that the hydrogen bomb could pollute the earth's atmosphere to a dangerous extent?

No.

10. Will the British and Canadians work with us in the development of the hydrogen bomb?

No comment.

11. What will be the effect of our development of this weapon on the possibility of war?

We hope that it will prove a deterrent to war. We shall continue to do everything in our power to prevent war, including faithful observance of the letter and spirit of the U.N. Charter. There is, of course, always the possibility of war, but we do not believe that it is inevitable.

The purpose of our security program as a whole is to maintain reasonable preparedness in order to deter aggression and thus insure conditions under which we and the other free nations can develop our economic and social well-being and contribute to international peace and security.

12. Will our development of this weapon cause any change in our policy toward the international control of atomic energy?

The plan approved by the United Nations for the international control of atomic energy and the prohibition of atomic weapons is the only plan developed that is considered would be effective, but we are prepared to explore carefully and with good will any other proposals which give promise of being equally or more effective and workable. Meanwhile, and unless and until a better plan is devised, we shall continue to support the U.N. plan which has the approval of the vast majority of the United Nations. We continue to believe that unilateral action on our part to restrict our capabilities will not serve

as a deterrent to war, and we hold that any proposals which do not provide for effective controls are illusory.

13. In the light of the President's announcement, should we make a new approach to the Russians, direct or through the United Nations, in an effort to secure agreement for the international control of atomic energy?

We have never ceased to try to reach agreement with the U.S.S.R. on the problem of international control, and we are prepared, with other interested nations, to explore carefully and with good will any proposals from any source consonant with effective and enforceable control.

14. Would the U.N. plan for the international control of atomic energy, if established, cover the hydrogen bomb?

Yes. The U.N. plan, if established, would apply to both atomic and hydrogen bombs.

15. Will our work on the hydrogen bomb cause any serious reduction in our program looking to the development of atomic energy for peaceful purposes.

No.

16. If we develop this weapon, could we cut back our military expenditures in other directions?

No. No security program can rely on any single weapon.

17. Were other than purely military considerations taken into account in reaching the decision on the hydrogen bomb?

Yes. The decision was based on all the factors involved, which obviously included moral, economic, and political, as well as military factors.

761.5211 Fuchs, K.F.J./2-1350

Memorandum of Conversation by Mr. Lucius D. Battle, Special Assistant to the Secretary of State

TOP SECRET

[WASHINGTON,] February 13, 1950.

Sir Derick Hoyer Millar¹ called this afternoon at his request. In conversation on other matters he asked me to inform the Secretary that Mr. Bevin² was very much disturbed when he returned to London to be faced with the Fuchs case.³ He said that Mr. Bevin had sent a message to the Secretary which was now somewhat out of date. The message was that he felt a deep concern about it and hoped that this situation would not result in an "anti-British feeling arising in this

¹ Minister, British Embassy.

² Ernest Bevin, British Secretary of State for Foreign Affairs.

³ See editorial note, p. 524.

country in so far as security is concerned". Mr. Bevin suggested that he and Mr. Acheson should try to play down as much as possible such ill effects of the case.

Sir Derick said that he thought the thing had somewhat died down and did not believe that anyone was too concerned at the moment over the press treatment although he mentioned that the first day or so after the case broke, there had been a few unfortunate articles.

I told him I would pass the message on to the Secretary.

L[UCIUS] D. B[ATTLE]

Department of State Atomic Energy Files

*The Belgian Foreign Minister (Van Zeeland) to the Secretary of State*¹

TOP SECRET PERSONAL

[BRUSSELS,] February 17, 1950.

MY DEAR SECRETARY: As you know, negotiations have been taking place in Washington since the end of January between the representatives of the Government of Belgium and the Government of the United States on certain questions related to atomic energy.² I cannot conceal from you the fact that the Belgian Government has been very disappointed by the results achieved to date, in the course of these negotiations. Therefore, I believe it necessary to apprise you directly of the problem and to ask you to be kind enough to take it under consideration, as a matter of the greatest importance, bearing in mind certain of its political aspects to which the negotiators perhaps have not given sufficient attention, which is normal in view of the necessarily technical character of the matters with which they are concerned.

I should like to emphasize that in an undertaking of such prime importance as that of the production of atomic energy, Belgium, the possessor and principal supplier of the raw material, has always con-

¹ The source text is a translation of Van Zeeland's personal message to Acheson transmitted in telegram 251 from Brussels, February 17.

² Representatives of the United States, Belgium, and the United Kingdom met on four occasions between January 30 and February 9. The principal negotiators for the United States were George Perkins, Assistant Secretary of State for European Affairs; R. Gordon Arneson, Special Assistant to the Under Secretary of State; Carroll Wilson, General Manager of the U.S. Atomic Energy Commission; and Robert LeBaron, Deputy to the Secretary of Defense. Sumner Pike and Henry D. Smyth, Members of the U.S. Atomic Energy Commission, each attended certain sessions. The Belgian participants included Ambassador Silvercruys; Ambassador Fernand van Langenhove, Permanent Belgian Representative at the United Nations; Mr. H. Robiliart of the Union Minière du Haut Katanga; and Professors R. Ledrus and M. de Hemptinne. Sir Derick Hoyer Millar, Minister, British Embassy, headed the United Kingdom representation. The records of the meetings are not printed. (Department of State Atomic Energy Files)

sidered itself as an associated nation. It is in this spirit that the agreement of 1944 was concluded, in order to make the maximum possible contribution to the war effort of the Allies. In the postwar period, also, the obligations undertaken in this agreement by Belgium have been faithfully observed in the same spirit.

The fulfillment of the commercial obligations of this agreement has been maintained into the postwar period. The political obligations, that is to say, the quasi-monopoly on procurement granted to the United States and Great Britain, ought to have been subject to revision at the end of the war. If this revision were not proposed by the Belgian Government, it was because it had anticipated an overall settlement within the framework of the United Nations of the problem of atomic energy regulation, which would have covered the particular problem of Belgian Congo uranium. Moreover, two years ago, M. Spaak invited the attention of the American Government to this point. I, myself, raised it in the course of a conversation with you during September of last year.

Today the realization of such a general settlement seems beyond attainment. The agreements between Belgium on the one hand, and the United States and Great Britain on the other, should be established on a new basis, taking into account on the one hand, progress made in the scientific and industrial development of atomic energy and, on the other hand, the relatively backward position of Belgium in this field. I feel constrained to state that while Belgium possesses the principal source material of atomic energy, she is today, five years after the end of the war, one of the countries in Western Europe in which the development of this branch of scientific technology is the least advanced. The reason for this is that, relying on Section 9 of the 1944 agreement,³ the Belgian Government expected to participate in the benefits of the progress made in this field by the countries to which it had reserved the almost exclusive delivery of the raw material. It is generally known that if Belgium had not undertaken this obligation, she might have improved her position either by pressing scientific research in her own territory more vigorously, or by associating herself with other countries of Western Europe to the same end. We have been approached by the French with a view toward participating in the research connected with the pile constructed in that country, on condition that we deliver a certain quantity of uranium. Similar advances have been made to us by Norway with a view toward exchanging heavy water for uranium. These proposals were not con-

³ Section 9a read as follows: "In the event of the Governments of the United States of America and of the United Kingdom deciding to utilize as a source of energy for commercial purpose ores obtained under this agreement the said Governments will admit the Belgian Government to participation in such utilization on equitable terms."

sidered because of the obligations undertaken in the 1944 agreement; on the contrary, Belgium expected compensation in the form of receipt of information on scientific discoveries and of technical progress made with the use of the mineral that it had delivered. It is the form of this compensation which is the object of the present negotiations.

In the domestic political field, the Belgian Government can no longer content itself with maintaining the purely passive attitude which it has observed up to the present. It cannot keep in absolute secrecy the agreements reached in 1944 without giving evidence of a constructive program aimed at placing Belgium in the forefront of technical progress in this field. The Parliament would no longer permit this silence. M. Spaak had succeeded in postponing the question by relating it to a general settlement of the problem of the control of atomic energy. As for myself, confronted with a request for interpellation made by a member of the Senate, I have arranged that this debate be postponed until the 7th of March, expecting that the negotiations in Washington would have been finished by that time. A new interpellation has been addressed to me by a member of the Chamber. In addition, Article 68 of the Belgian Constitution obliges the Government to inform the two chambers of treaties as soon as the interest and the security of the state permit it, accompanied by the appropriate explanations. In addition, under the provisions of the same article, commercial treaties and those which might obligate the state or bind individual Belgians financially, have no force until after having been approved by the two chambers. These provisions face the Belgian Government with obligations which it can no longer evade. The mere publication of the text of the 1944 agreement would place the Belgian Government in a politically untenable position. The Belgian Government can obtain acceptance of the obligations undertaken under this wartime agreement, which has now been continued for almost five years after the end of that war, only on evidence that the continuation of this situation had not been undertaken without compensation. It has therefore the obligation to bring to the two chambers and to public opinion some evidence of substantial satisfaction either under the form of an adaptation of the provisions of the 1944 agreement to meet the present situation, or in the form of a new agreement to the same effect.

In conclusion, I believe it useful to summarize the problem raised in this letter, at the risk of repeating certain of the arguments already used :

We ask urgently that the American Government, and you yourself, in particular, not lose sight of the manner in which Belgium has up to the present time cooperated, with a view toward achieving the common political aims of the two countries, and to bear particularly

in mind the manner in which Belgium has, in the course of the years, lived up to the obligations assumed under the agreement of 1944. The Belgian Government's attitude remains unchanged; it desires to be able to continue to collaborate in the future as effectively as it has in the past. It is in this spirit that it has recognized, and that it will emphasize, the necessity of reconsidering the agreement of 1944, taking into account the profound changes which have taken place since that time. It recalls that the obligation to deliver the raw material only to the United States and to the United Kingdom has deprived Belgium on several occasions of the opportunity of assuring itself of compensation in the form of extensive knowledge, both theoretical and practical, in the field of nuclear physics.

The Belgian Government believes that it is obligated to seek the means of placing Belgium on an equal footing with the other advanced civilized countries in this domain, as in all others. It desires to be able to achieve this goal while living up to the substance of the 1944 agreement, appropriately adapted to the present circumstances. It believes that the suggestions which it has made are reasonable, moderate and of a nature to serve the common interests of the United States and of Belgium. It hopes that a solution acceptable to the two countries will be found in a short time within the framework defined above.

I permit myself to add that I count heavily on your personal intervention in order to achieve this result which corresponds, I am sure, to both our feelings.

Please accept, my dear Secretary, the assurances of my best wishes.

855A.2546/2-2250 : Telegram

The Secretary of State to the Embassy in Belgium

TOP SECRET NIACT WASHINGTON, February 22, 1950—3 p. m.

243. For the Ambassador from the Secretary. The following personal message is to be given Van Zeeland as soon as possible: ¹

“Personal. My dear Mr. Foreign Minister:

“In replying to your personal message,² I have carefully reviewed the various considerations involved in the discussions which began on January 30th. There are certain realities in the situation which I feel need to be mentioned.

¹In telegram 288 from Brussels, February 24, not printed, Murphy reported that he had delivered the text of the Secretary's message to Baron Hervé de Gruben, Secretary-General of the Belgian Ministry for Foreign Affairs. De Gruben had indicated that he would transmit the message promptly to Foreign Minister Van Zeeland who was on a short leave of absence at the suggestion of his physician. (855A.2546/2-2450)

²*Supra.*

“First, I wish to express my Government’s appreciation as well as my own for the commendable manner in which Belgium has in the past and will, I am sure, in future make its contribution to the common cause of strengthening the security of the Western World. Under the 1944 Agreement Belgium has provided those tonnages of ore which have contributed, in a major way, to the present strength of the United States in the field of atomic weapons. To the extent that the United States is strong in atomic weapons, Belgium’s security is increased. The atomic weapons possessed by the United States contribute to the protection of all members of the North Atlantic Pact. To this end, Belgium has contributed her ore; and the United States has contributed its scientific manpower, its technological skills, its industrial organization, which in monetary terms now totals approximately five billion dollars. In this way, Belgium and the United States have in this field made their best contributions to the common goal of collective security.

“Second, you must be aware of the fact that the atomic energy effort of the United States is directed almost exclusively to the production of atomic weapons. Even in those areas where, as you have seen in the press, efforts are being made to build new types of reactors which may help solve some of the problems inherent in achieving atomic power, the primary emphasis has been on possible military uses, such as propulsion of naval vessels. Atomic power, I can assure you, is a long way off. That fraction of our present program which is concerned with research and development of prototype power piles is so intermingled with highly classified military work as to be incapable of separate identification. Much as it is to be regretted that the hoped for era of atomic power is not now at hand, one must recognize that this is so. Had our earnest endeavors over the last four years to achieve effective international control been successful, it is possible that atomic power would by now have been farther advanced. But in the present state of the world it is evident that our primary concentration and our best efforts must continue to be directed toward advance in the weapons field.

“Third, under section 9 of the 1944 Agreement Belgium will participate on fair and equitable terms in the utilization of uranium for commercial purposes when the United States and the United Kingdom decide to utilize uranium for this purpose. As is evident from the preceding paragraph, the United States and the United Kingdom have not yet arrived at that stage of development of the art at which a decision could be made to utilize atomic energy for commercial purposes. Mindful, however, of the commendable manner in which Belgium has made uranium available to us, we are prepared to render that measure of assistance, presently feasible, which will help to place Belgium in a position to take advantage of commercial applications as they may develop in the future. It is the considered judgment of our technical experts that the special assistance we have suggested would be of substantial help to Belgium in advancing her scientific and technical attainment, thereby placing her in a stronger and more advantageous position with respect to commercial applications as they may develop.

"Fourth, I am aware that you are faced personally with a difficult problem in view of the forthcoming interpellation in Parliament which I understand is scheduled for March 7. The draft communiqué which follows has been drafted with this problem very much in mind. You will note that the communiqué makes reference to the establishment of continuous consultation through scientific attachés and to future talks. I wish to assure you that the United States looks forward to closer liaison in this matter and will welcome further discussions at a later date in order to examine means whereby a closer association may be brought about as soon as future developments may warrant.

"Fifth, in the light of the foregoing comments I recommend for your consideration the following joint communiqué:

"Preliminary talks have now been concluded which commenced on January 30th among American, Belgian, and British representatives on matters connected with the Anglo-American-Belgian understanding governing the sale of Congo uranium ores to the United States and the United Kingdom. It is expected that further talks will be held from time to time.

"The recent discussions were chiefly directed toward the determination of measures by which the United States and the United Kingdom can assist in placing Belgium in a position to participate on fair and equitable terms in the commercial utilization of Congo uranium ores when the Governments of the United States and the United Kingdom decide to use these ores for commercial purposes.

"The remote prospects for atomic power appear to preclude such a decision for a considerable number of years to come. Nevertheless, the three Governments concerned have examined means whereby Belgium can be placed in a position to take advantage of the benefits it is hoped will eventually accrue to the Belgian Government from the understanding referred to above.

"This understanding came into being at a time when the three signatory countries were engaged to the extent of their available resources in a war of self-defense against the forces of aggression and totalitarianism aimed at the extinction of Western civilization. As a signatory, Belgium contributed in large measure to this common defense. The understanding, which sprang from wartime necessity as a military arrangement, runs until early 1956. It is incorporated in a Memorandum of Agreement dated September 26, 1944, the substance of which is given below:

"The Belgian Government agreed with the Governments of the United States and the United Kingdom as to the desirability during the war against Germany and Japan, as well as in the future, that all uranium ores wherever located should be subject to effective control for the protection of civilization. To this end, the Government of Belgium undertook to insure effective control of such ores located in all territory subject to the authority of Belgium.

"The Belgian Government also agreed that Congo uranium ores should be made available to the United States and the United Kingdom through commercial contracts. The Belgian Government further undertook to use its best endeavors to supply such

quantities of uranium ores as might be required by the Governments of the United States and the United Kingdom.

'To aid in the reopening and development of the Congo uranium properties, the Governments of the United States and the United Kingdom undertook to facilitate the delivery to the producing company (the Union Minière du Haut Katanga) of such materials and equipment as the parties to the contracts thought necessary.

'The arrangements made were subject to the right of Belgium to reserve such reasonable quantities of these ores as might be required for her own scientific research and industrial purposes, except that ores used for the production of power for commercial purposes should be subject to special provisions as outlined below :

'(a) At such time as the Governments of the United States and of the United Kingdom decide to utilize as a source of energy for commercial purposes ores obtained under this Agreement, the two Governments would admit the Belgian Government to participation in such utilization on equitable terms.

'(b) The Belgian Government would undertake that, in the event of its contemplating the use of such ores as a source of energy for commercial purposes, it would so use them only after consultation and in agreement with the Governments of the United States and of the United Kingdom.

'Since 1947, representatives of the three Governments party to the Memorandum of Agreement just described, have consulted informally with one another from time to time on questions connected with (a) and (b) above. In the spring of 1948, the American and British Governments had occasion to assure the Belgian Government of their appreciation for the steadfast manner in which Belgium was carrying out its part of the understanding and of the determination of the United States and the United Kingdom to honor their obligation in connection with commercial application of atomic energy when this became feasible. The United States Government indicated it would welcome representatives of the Belgian Government to review the prospects for commercial application of atomic energy and to discuss matters connected with the use of radioisotopes.

'In response to this invitation, the Belgian Government sent representatives to Washington, where they conferred during late August and early September of 1948 with officials of the Department of State and the United States Atomic Energy Commission. The British Government was represented at these informal talks.

'In the course of the talks, experts from the Atomic Energy Commission reviewed for the Belgian representatives the state of progress made toward the commercial application of atomic energy, pointing out that such application seemed a matter of the distant future. It was also stated that the most immediate benefits of atomic energy were to be found in the development of radioisotopes for scientific and medical research and therapy.

‘Although it was agreed that the time for the implementation of proviso (a) above was still remote, and therefore no assistance at this time was required by its terms, certain areas were suggested in which the United States and the United Kingdom could be of help to Belgium in keeping with the spirit of the 1944 undertakings. The field of radioisotopes, student training, and export licensing of atomic energy equipment purchased by Belgium in the United States were mentioned as examples.

‘In the past year and a half the United States and the United Kingdom have cooperated with Belgium in her development of the use of radioisotopes. The Atomic Energy Commission has given special consideration to Belgian applicants wishing to attend the Oak Ridge training courses in radioisotope techniques. As a result, Belgium ranks first in the number of its nationals to attend. Arrangements were also agreed upon in October 1949 whereby the United States is making available to Belgium valuable assistance in the radioisotope field through the Atomic Energy Commission working with Union Minière as the executive agent of the Belgian Foundation for Scientific Research.

‘The Atomic Energy Commission has also facilitated the visits of a number of Belgian scientists to unclassified areas of its installations. Funds available under the Fulbright Act have been used to defray the transportation expenses of a group of Belgians who came to the United States to attend the Oak Ridge courses and subsequently to pursue their studies at American universities.

‘During his visit to the United States last September, the Belgian Foreign Minister stated that it seemed advisable, in view of the swiftly-moving course of events, to review the provisions of the uranium understanding of 1944, especially with regard to matters concerning commercial applications of atomic energy. The Governments of the United States and the United Kingdom subsequently informed the Belgian Government that they would welcome a resumption of the talks initiated in the late summer of 1948, since they regarded the problems involved as continuing ones which could profitably be subject to periodic review.

‘It was against this background that the recently concluded preliminary talks took place. In these discussions, it was made clear that the prospects for the commercial use of atomic energy are still a matter of the distant future. Despite this fact, the representatives of the three countries agreed that Belgium should take those steps best calculated to prepare her to make use of the advantages it is envisaged will stem from the Anglo-American obligations with respect to commercial applications of atomic energy when such applications become feasible. The American and British representatives expressed the willingness of their respective Governments to cooperate with the Belgian Government toward the formulation and fulfillment of such plans.

‘In discussing measures of assistance which could be taken most effectively at this time, the representatives of the three countries were guided, *inter alia*, by these considerations:

- '(1) At this time, the military applications of atomic energy, toward which United States and United Kingdom efforts are primarily directed, are technically inseparable from developments which may have commercial uses in the future.
- '(2) It is recognized that under the 1944 arrangement, Belgium will enjoy a special position at such time as the commercial use of atomic energy becomes feasible.

'In view of these factors and in light of the considered judgment of technical experts, it was decided that the most valuable contribution the United States and the United Kingdom could make for the time being would be assistance directed toward the formation in Belgium of a well-trained corps of scientists and engineers familiar with nuclear physics and with other disciplines which are basic to nuclear technology. To this end, the American and British Governments have agreed to:

- '(a) Assist in placing selected Belgian students for advanced study and research in American and British universities;
- '(b) Facilitate Belgian access to American and British declassified material;
- '(c) Facilitate visits of selected Belgian scientists and engineers to unclassified work being carried out under the auspices of the United States Atomic Energy Commission and the British Ministry of Supply;
- '(d) Assist Belgium to obtain certain equipment and materials needed for research in the scientific fields related to atomic energy;
- '(e) Arrange for closer Belgian participation, as agreed upon from time to time, in the mutual exchange of technical information on the exploration, location, mining, processing and extraction of radioactive ores;
- '(f) Arrange for closer consultation with Belgium concerning the distribution, as between the United States and the United Kingdom, to be made of any shipments from the Belgian Congo of such ores.

'The three Governments have also agreed that to implement these measures, it would be desirable for the Belgian Government to add to its Embassy staffs in Washington and London officers with appropriate background and training in these scientific fields. These officers would maintain liaison between the official organization in Belgium responsible for the direction of atomic energy activities and the American Atomic Energy Commission and the British Ministry of Supply.

'The assistance outlined above is regarded as an initial step toward closer cooperation among the three Governments in keeping with the spirit of the 1944 understanding. It is agreed that further talks will be held from time to time with a view toward devising means whereby a closer association may be brought about as soon as future developments warrant.' "

For the Ambassador

Having in mind forthcoming interpellation in Parliament, Dept urges you stress to Van Zeeland that points of substance contained draft communiqué represent in our view a substantial beginning, beyond commitments under 9a, and is maximum US able to do at this time. Exact wording of course subject to agreed changes. US is prepared examine most sympathetically question of additional assistance as future developments may warrant. Passage of time may very well make this possible. Last paragraph of communiqué designed to foreshadow this possibility. You may, if you deem desirable, mention as example the possibility—not yet actuality—of declassifying design of standard low power research reactor of a type in which the Belgians have indicated an interest.

You may wish suggest Van Zeeland Dept would look with favor his coming to Washington in order to sign communiqué with Secretary of State and British Ambassador.

We consider our proposals contained (a) thru (f) above plus suggestion for liaison genuine help to Belgium. The proposed assistance is within limits set by the Atomic Energy Act of 1946. Recent Fuchs matter has brought about indefinite suspension of US-UK-Canadian talks, thus ruling out for some months at least prospect for amendment of the Act from that quarter. In our judgment, any attempt to deal with this matter legislatively at this juncture would in all probability prejudice any prospect of relaxation of provisions of Act. Re para 2 urtel 239 Feb 16,³ if Van Zeeland persists in accepting evaluation from quarters other than duly constituted American and British authorities in this field chances of coming to any meeting of minds most unlikely.

In handing him my personal message, you are authorized to tell Van Zeeland orally that if he finds the joint communiqué acceptable in substance, he can expect our full support on the following:

1. From the moment future developments or any changes in the Atomic Energy Act of 1946 occur which may make possible further assistance along the lines proposed by Belgium, the United States will give most sympathetic consideration to her wishes.

2. Once Belgium has been able to define the program she wishes to undertake (explanations given us thus far are quite nebulous) on the basis of the assistance indicated above, the United States is prepared to give sympathetic consideration to making suitable financial contribution toward the support of Belgian activity in this field. The

³In paragraph 2 of telegram 239 from Brussels, February 16, not printed, Ambassador Murphy reported that Foreign Minister Van Zeeland had expressed the belief that commercial development of atomic energy was farther advanced than the United States and the United Kingdom had indicated to Belgium. Van Zeeland based this opinion on information which he attributed to "unimpeachable sources outside of Belgium." (855A.2546/2-1650)

amount of contribution cannot now be indicated in the absence of knowledge as to the size of program Belgium may contemplate.

British here concur in all foregoing, subject:

- (a) minor amendments to communiqué not affecting substance, and
- (b) confirmation Foreign Office which will be passed British Ambassador Brussels.

ACHESON

PM Files

Memorandum by the Executive Secretary of the National Security Council (Lay)

TOP SECRET

WASHINGTON, March 1, 1950.

Memorandum for: The Secretary of State
The Secretary of Defense
The Chairman, Atomic Energy Commission

Subject: Development of Thermonuclear Weapons

At the direction of the President the enclosed letter from the Secretary of Defense on the subject is referred herewith to the above Special Committee of the National Security Council for submission to the President of advice regarding the recommendation contained in the last paragraph thereof.

In accordance with the Committee's normal procedure, representatives of each of the members have initiated the urgent preparation of a staff study of this proposed program, with particular reference to its feasibility, for consideration by the Committee as a basis for its advice to the President.

JAMES S. LAY, JR.

[Annex]

The Secretary of Defense (Johnson) to the President

TOP SECRET

WASHINGTON, 24 February 1950.

DEAR MR. PRESIDENT: Since your recent decision with respect to work by the Atomic Energy Commission on the hydrogen bomb, certain developments, which you and I have discussed, make it apparent that the Soviets may already have made important progress in this field of atomic weapons.¹

In view of the extremely serious, in fact almost literally limitless, implications to our national security if the above conclusion should prove to be factual, I have requested the Joint Chiefs of Staff to give

¹ No record of a Truman-Johnson conversation on this subject has been found in the files of the Department of State. The developments referred to by Secretary Johnson related to the Fuchs case. Further information on the origins of this communication appears in Hewlett and Duncan, pp. 415-416.

consideration to what our position should now be with regard to immediate development of the hydrogen bomb.

They are of the opinion, with which I fully concur, that it is incumbent upon the United States to proceed forthwith on an all-out program of hydrogen bomb development if we are not to be placed in a potentially disastrous position with respect to the comparative potentialities of our most probable enemies and ourselves.

I recommend therefore, most urgently that, within strict secrecy limitations, you expand our atomic energy program so as to include the immediate implementation of all-out development of hydrogen bombs and means for their production and delivery.

Very respectfully,

LOUIS JOHNSON

PM Files

Memorandum by the Executive Secretary of the National Security Council (Lay) to the President

TOP SECRET

WASHINGTON, March 1, 1950.

At the time that the Special Committee of the National Security Council, consisting of the Secretary of State, Secretary of Defense, and the then Chairman of the Atomic Energy Commission, submitted its recommendations on the development of thermonuclear weapons to you for consideration and which you subsequently approved, the Committee stated that it would submit in writing at a later date the basis for these recommendations.

Accordingly, the Committee submits herewith the enclosed report¹ prepared by the Department of State, with Appendices by the Atomic Energy Commission and the Department of Defense, as a written record of the basis for the Committee's recommendations on the above subject, which were submitted orally to you on January 31, 1950. The Chairman of the Atomic Energy Commission, however, approved the enclosed report subject to the comments in the attached memorandum, dated February 15, 1950.

JAMES S. LAY, JR.

[Annex]

Memorandum by the Chairman of the United States Atomic Energy Commission (Lilienthal) to the Executive Secretary of the National Security Council (Lay)

TOP SECRET

[WASHINGTON,] February 15, 1950.

At the meeting of the members of the Special Committee on January 31, 1950, recommendations contained in Paragraph 11 of the

¹ *Ante*, p. 513.

Department of State paper of that date were approved by the Special Committee, and on the same date by the President.

At the meeting I expressed orally grave reservations about Recommendation *a*; namely: "That the President direct the Atomic Energy Commission to proceed to determine the technical feasibility of a thermonuclear weapon, the scale and rate of effort to be determined jointly by the Atomic Energy Commission and the Department of Defense; and that the necessary ordnance developments and carrier program be undertaken concurrently."

I expressed hearty agreement with Recommendation *b*, whereby the President directs a "re-examination of our objectives in peace and war of the effect of these objectives on our strategic plans," and stated that I believed this would be the most important factor of all in the assignment to the Special Committee and its recommendations.

At the meeting on January 31 I discussed orally the reasons for my reservations about Recommendation *a*. as a course to be pursued at this time. I have requested of the Executive Secretary and have received his permission to append to the record of the Special Committee's Report and Recommendations a summary of the basis for my views. Such summary is as follows:

It was my view that the President's publicly announced decision directing the Atomic Energy Commission to proceed to determine the technical feasibility of a thermonuclear weapon would be construed, and inevitably construed, as a very broad and far-reaching decision respecting the hydrogen bomb; that such an announced decision by the President would seriously prejudice the re-examination of our present course, provided for by Recommendation *b*.

The central question for the Special Committee it seemed to me was *not* whether we should recommend proceeding with the super bomb or recommend against it. The central question, so it seemed to me, was whether we should not first face up to the weaknesses in our present national position. I outlined the points of weaknesses which had occurred to me as a result of discussions during the past few weeks. The decision to proceed, *prior* to such a solid re-examination, would I fear tend to confirm to a degree almost beyond change our present chief and almost sole reliance upon nuclear armament. I stated it as my opinion that in our major and almost sole reliance upon atomic weapons, we are resting our security largely on an asset that is steadily depreciating for us, i.e. weapons of mass destruction. The President's decision, would I feared, tend to make far more difficult a realistic re-examination of our position and an effort to find, if possible, some more solid course or series of courses.

DAVID E. LILIENTHAL

85S.2546/3-850 : Telegram

The Embassy in Sweden to the Secretary of State

TOP SECRET

STOCKHOLM, March 8, 1950.

305. Mytel 302 today.¹ In discussing Swedish uranium export legislation with Hammarskjöld² I took occasion to emphasize again the importance I attribute to Sweden taking the utmost security precautions to prevent Russians obtaining any information re successful development of any Swedish process for extracting Uranium from low grade shale (mytel 143, February 2, 11 a. m.).¹

Secretary General assured me Swedish Government was fully aware of importance this question. He added, however, that the more he saw of security problems the less confident he is of effective measures for their solution. He mentioned Fuchs' case in this connection and the fact that MI-5³ had generally been regarded as a very effective security organ. I gathered from his attitude that he is none too sure of regarding effectiveness of Swedish security measures.

In this connection I said I hoped during his presence here for the "peace conference"⁴ Joliot-Curie would confine his activities to conference business and would not be allowed to delve into atomic energy questions. He said Swedish Government has this well in mind but admitted that Swedish scientists were sometimes more than a little naïve.

Sent Department 305; London pass Department from Stockholm.

HOLMES⁵

¹ Not printed.

² Dag H. A. C. Hammarskjöld, Secretary-General of the Swedish Foreign Office.

³ British Intelligence.

⁴ Reference is to the March 1950 meeting of the World Peace Council in Stockholm. Documentation on the conference and its "Stockholm Appeal" for banning atomic weapons, March 19, is scheduled for publication in volume iv.

⁵ Julius C. Holmes, Chargé of the Embassy in London through which this telegram was transmitted.

PM Files

*Report by the Special Committee of the National Security Council
to the President*

[Extracts]

TOP SECRET

[WASHINGTON,] March 9, 1950.

The Problem

1. In the light of the letter to the President from the Secretary of Defense dated February 24, 1950, to review the program for the

development of thermonuclear weapons and to make recommendations regarding its scope and timing.

*Recommendations*¹

8. It is recommended that the President, without prejudice to the results of the re-examination of our objectives which the President directed the Secretaries of State and Defense to undertake on January 31, 1950:

a. Note that the thermonuclear weapon program is regarded as a matter of the highest urgency. There is no need for additional funds beyond those currently estimated for the feasibility test of the thermonuclear weapon.

b. Note with approval the program for the test of the feasibility of a thermonuclear weapon and the necessary ordnance and carrier developments, as now envisaged by the Atomic Energy Commission and the Department of Defense (see paragraphs 2, 3, 5 and 6 above).²

c. Instruct the Atomic Energy Commission to continue making preparations looking toward quantity production of materials needed for thermonuclear weapons especially tritium to the extent necessary to avoid delay between the determination of feasibility and the start of possible weapon production (see paragraph 4 above).

d. Further instruct the Department of Defense and the Atomic Energy Commission to make a report with recommendations as soon as feasible with respect to the scale of preparation for production of materials needed for thermonuclear weapons, especially tritium, this report to include a discussion regarding the feasibility of meeting the production goals of the expanded program which the President approved last October.³

¹ President Truman approved these recommendations on March 10.

² Paragraphs 2-7 are not printed.

³ For text of the report to the President by the Special Committee of the National Security Council, October 10, 1949, which recommended an acceleration of the atomic energy program, see *Foreign Relations*, 1949, vol. I, p. 559.

845A.2546/3-1350

Memorandum by the Secretary of Defense (Johnson) to the Secretary of State

TOP SECRET

WASHINGTON, 13 March 1950.

Subject: Suggested Policy Guidance for U.S. Representatives in South African Atomic Energy Board Discussions.

1. I have given thought to the prospective meeting between representatives of the Combined Development Agency and the South African Atomic Energy Board looking toward an agreement to provide uranium ore from South African mines. From the standpoint of national defense, the importance of arriving at an early agreement

to provide an alternate source of uranium ore in addition to the Belgian Congo needs no amplification.

2. The various recent disturbing disclosures related to the atomic energy field and the uncertainties of the future are compelling reasons for making positive that the results achieved through negotiations with the South Africans are precisely tailored to meet U.S. needs. Accordingly, I am suggesting below certain policy guidance for U.S. negotiators which, from a national defense point of view, appear logical, sound and reasonable.

a. Negotiations with the South Africans to take place in an atmosphere of a straight business transaction between the U.S. and the Union of South Africa only.

b. Due consideration be given to the capital investments of the U.S. in this project and to U.S. funds expended in research and development with the end in view that third countries will not unduly profit by such U.S. expenditures. Some relationship should exist between the price of ore charged to third countries and the U.S. investments which rendered a proffer of such ore feasible.

c. No inherent right exists for third country participation in questions relating to allocation of ore.

d. The Belgian agreement is separate and distinct, and in no way acts as a precedent for these negotiations.

e. Ore will be stockpiled in the U.S.

3. I am forwarding a copy of this memorandum to the Acting Chairman, Atomic Energy Commission, for his information.

LOUIS JOHNSON

950.713S/3-1650 : Telegram

The Chargé in Norway (Villard) to the Secretary of State

TOP SECRET

OSLO, March 16, 1950—4 p. m.

236. For Arneson. Randers¹ informs me following return from Paris that unofficial and informal discussions have taken place for Union of Western European countries interested in atomic energy development. Project apparently originated in Amsterdam last December at inauguration of Dutch cyclotron and conversations so far involve Norwegians, Dutch and French. Randers also mentioned Switzerland, Portugal and Sweden as potential members of group which would be formed mainly for purpose of exchanging raw materials and technical skill. Subject will now be referred to government officials for study and approval and formal Norwegian position will probably be determined in next few weeks.

¹ Dr. Gunnar Randers, Director of the Norwegian Institute for Atomic Energy Studies.

Randers observed that recent events such as Fuchs case and announcement of H-bomb have led smaller countries of Europe to believe that little assistance can be expected from US in foreseeable future for furthering their progress in atomic energy field. Interested scientists, therefore, feel that pooling of knowledge and techniques is only solution if Europe is to keep abreast of advances made by US and USSR. Randers points out that integration of such endeavors is fully in line with economic and military defense policies we have been advocating for Western Europe. Randers also remarked that to bring France into group might raise political or security objections but expressed opinion there was nothing in France today that was not already known in Soviet Union. Latter, in fact, was doubtless well ahead of anything yet developed by French who held lead among European countries, therefore, risk was negligible.

In advising me of above development, Randers undoubtedly hopes that some early reaction may be forthcoming from US with regard to original Norwegian requests.² It would be helpful if some comment negative or otherwise could be passed on to him at this stage since in any event he and fellow technicians on Continent seem resolved to pursue the path of progress by every possible means.

Randers had extended conversations with Joliot-Curie who made no secret of fact he was convinced Communist as well as anti-American. Although French have concluded graphite agreement with Norway shipment has not yet been made. Dautry made vigorous protest at terms proposed by Norwegians for heavy water deal (mytel 882, December 17³) but Randers does not believe French would go so far as to hold up graphite shipment to obtain better conditions.

VILLARD

² For information on an earlier Norwegian request for United States assistance in the field of atomic energy, see memorandum prepared for the American Members of the Combined Policy Committee, p. 558.

³ Not printed.

832.2546/3-2450 : Telegram

The Ambassador in Brazil (Johnson) to the Secretary of State

TOP SECRET

RIO DE JANEIRO, March 24, 1950—8 p. m.

348. For Arneson Office Under Secretary. Mytel 328 March 22, 8 p. m.¹ When I saw President Dutra² this afternoon I found him familiar with subject matter and understanding of our point of view. I told him my government has been entirely satisfied with assurances

¹ Not printed.

² General Eurico Gaspar Dutra, President of Brazil.

previously given by Foreign Minister,³ that pending conclusion definite renewal on terms mutually satisfactory of secret agreement of 1945,⁴ stipulations of original agreement would continue in force. I then said that recent proposal for legislation to impose embargo on export all fissionable materials from Brazil with concomitant irresponsible attacks on Brazil's agreement with US, had caused us concern and that my government would greatly appreciate his support to our endeavors to secure firm renewal our agreement, on terms mutually satisfactory to the two governments. I also spoke of genuine importance we attach to being able continue to receive Brazil's exportable surplus of monazite.

President said he understood situation and likewise disapproved discussions in Congress and press re agreement. He said he had sent Ambassador Cyro de Freitas Valle, Under Secretary Foreign Office, with message to Mr. Cirilo Junior, President Chamber Deputies, disapproving proposal which has been made discuss projected embargo legislation and secret agreement in secret session chamber. He has informed President Chamber he does not desire subject to be discussed at secret session. I mentioned information Dr. Fernandes had given me of proposed legislation prepared in SC⁵ designed to set up government monopoly fissionable materials with SC as controlling agency. President nodded his affirmation this information and was good enough to say he would do what he could to expedite whole matter to conclusion. President agreed with me I should continue conversations with Foreign Minister Fernandes and Under Secretary Freitas Valle. I left with President very brief memorandum reading as follows:

"The US desires to continue to avail itself of the privilege of acquiring Brazil's entire exportable surplus of raw monazite, on terms to be mutually agreed on. Should thorium, or compounds of thorium, become available in excess of Brazil's own requirements, the US also desires to be accorded the privilege of acquiring all such thorium and compounds thereof on agreed terms. Motives involving the highest long range objectives of both countries impel the US to desire that the Government of Brazil will continue confine the export of monazite, thorium, and thorium compounds exclusively to consignees mutually satisfactory to Brazil and the U.S."⁶

³ Dr. Raul Fernandes.

⁴ Reference is to the Memorandum of Agreement between the Governments of Brazil and the United States with respect to the control of monazite sands and other carriers of thorium and thorium compounds, signed in Rio de Janeiro, July 6, 1945; for text, see *Foreign Relations*, 1945, vol. II, pp. 20-23.

⁵ The Brazilian Security Council.

⁶ In a note of March 28, the Brazilian Foreign Office acknowledged the receipt of this memorandum. The text of the Brazilian reply is contained in telegram 373 from Rio de Janeiro, March 30, not printed. (832.2546/3-3050)

This memo is in fact supplementary to secret memo given to Dr. Fernandes December 15,⁷ which President Dutra has seen. Reference top secret despatch 18, January 5, 1950⁸ forwarding copy.

In memo left today I purposely omitted mention of "not less than 3,000 metric tons raw monazite a year". Inasmuch as 3,000 tons export a year has not yet been reached and as Brazil has certain needs of her own for monazite, I felt it would be prudent omit this figure as it might give handle to some violent nationalist to say Brazil has no exportable surplus. In any event the two memoranda stand together.

Thank you for Deptel 198 March 24,⁸ which I received after my return from visit to President. I did not mention beryl to President as it is my understanding it will be included in proposed legislation and as there is now no restriction on its export except necessity of getting export license. I shall check on beryl with Dr. Fernandes at our next meeting.

JOHNSON

⁷ For text of the memorandum of December 15, 1949, see *Foreign Relations*, 1949, vol. I, p. 603.

⁸ Not printed.

Department of State Atomic Energy Files

The Secretary of State to the Secretary of Defense (Johnson)

TOP SECRET

[WASHINGTON,] April 3, 1950.

DEAR MR. SECRETARY: The Department of State has given careful thought to the policy guidance suggested in your memorandum of March 13, 1950, for the United States representatives in the current uranium negotiations between the Combined Development Agency (CDA) and the Atomic Energy Board of the Union of South Africa. In making this study, the Department has taken into consideration Mr. Pike's memorandum on this subject of March 21, 1950,¹ a copy of which it is understood the Atomic Energy Commission furnished the Department of Defense.

It is apparent from examination that the policy guidance, if followed, would involve a reversal in the course of the present uranium negotiations with the South Africans as well as in the established approach to atomic raw material problems the United States Government has followed heretofore. For reasons advanced in the attached memorandum,¹ the Department of State believes that this reversal would be inconsistent with American obligations assumed under the

¹ Not printed.

Modus Vivendi of January 7, 1948 and might seriously prejudice the present good prospects for arriving at an early agreement with the South Africans to provide an alternate source of uranium to the Belgian Congo. The Department of State feels, therefore, that it cannot join the Department of Defense in recommending to our representatives the points suggested for their guidance.

These points go to the very heart of our Tripartite relations in the atomic energy field. In connection with another aspect of these relations, I have noted your letter of March 16, 1950 ² referring to recent discoveries of espionage activities in this field and proposing a meeting of the American side of the CPC to review the question of the exchange of technical information with the United Kingdom and Canada. I have also noted a letter from Mr. Pike of March 21, 1950 containing a similar suggestion. I believe the Atomic Energy Commission has furnished a copy of this letter to the Department of Defense.

Since this question and that concerned with the South African negotiations are interrelated, I would like to propose that they and any other pertinent problems be included in a review by the American side of the CPC of the present status of our Tripartite atomic relations as a whole.

In the event such a proposal is agreeable to you, we can then arrange for a meeting to undertake this review.

Sincerely yours,

DEAN ACHESON

² Not printed.

Department of State Atomic Energy Files

*Minutes of the Meeting of the American Members of the Combined Policy Committee,*¹ Washington, April 25, 1950, 2 p. m.

TOP SECRET

Present: *Members*

Secretary of State, Mr. Acheson

Secretary of Defense, Mr. Johnson

Acting Chairman of Atomic Energy Commission,
Mr. Pike

¹ The Combined Policy Committee was established under the terms of the "Articles of Agreement Governing Collaboration Between the Authorities of the U.S.A. and the U.K. in the Matter of Tube Alloys [atomic energy research and development]" signed by President Roosevelt and Prime Minister Churchill at Quebec, August 19, 1943; for the text of the Quebec Agreement, see *Foreign Relations, The Conferences at Washington and Quebec, 1943* (Washington: Government Printing Office, 1970), pp. 1117-1119.

By Invitation

Adrian S. Fisher, Legal Adviser, State Department
General Bradley, Chairman, Joint Chiefs of Staff
Robert LeBaron, Deputy to Secretary of Defense on
Atomic Energy Matters
General Burns, Special Adviser to Secretary of Defense
on Foreign Policy
Gordon Dean, Commissioner, Atomic Energy
Commission
Carroll L. Wilson, General Manager, Atomic Energy
Commission
Joseph Volpe, Jr., General Counsel, Atomic Energy
Commission
John A. Hall, Atomic Energy Commission

Secretary

R. Gordon Arneson

SECRETARY ACHESON suggested that the meeting might first cover specific points on which decisions were needed immediately and that the members might then discuss how best to proceed on some of the longer term matters.

I. RAW MATERIALS PROBLEMS

A. *South African Negotiations.*

1. *Policy guidance for conduct of negotiations for purchase of uranium.* It was agreed that negotiations with South Africa should continue to be carried on under the aegis of the CDA along the lines of the Memorandum of Discussion setting forth the agreement reached in Johannesburg in November 1949 between representatives of the CDA and the South African Atomic Energy Board.² In this connection, MR. LeBARON suggested the desirability of a general review of supply and requirement figures in the near future. It was agreed that such a general review should be made and that the Department of Defense and the Atomic Energy Commission would get together subsequent to the meeting to formulate a course of action for this review.

2. *Intergovernmental negotiations in the event South Africa requests "a special position" by virtue of its potential importance as a supplier of uranium.* It was agreed that the proposal set forth in para 4 of Tab A should be adopted.

²The Memorandum of Discussions, November 1949, an agreed basis for subsequent negotiations regarding contractual arrangements, is not printed (Department of State Atomic Energy Files).

B. Notation of Interim Allocation of Uranium Ores.

The members *took note* of the interim allocation of Congo uranium as set forth in Tab B.

C. Consideration of U.K. Request for Brazilian Monazite.

It *was agreed* that the British request as set forth in Tab C should be approved. Note was taken, however, of the following points:

1. That this particular request should not be considered as a precedent for increased demands on Brazilian supplies but that further requests as they might arise would have to be considered on their merits.

2. That the rare earth industry would be told informally of this proposed action.

3. That the views of our Ambassador in Brazil as to possible effect of this action on current negotiations with the Brazilian Government would be obtained prior to informing the British.

D. Report on Belgian Talks.

The members *noted* the attached report on the status of negotiations with the Belgians. (See Tab D)

II. CURRENT STATUS OF TRIPARTITE RELATIONSHIPS OUTSIDE RAW MATERIALS FIELD

A. British Proposal for Examination of Comparability of Standards of Security.

It *was agreed* that the British proposal contained in Tab E be accepted.

B. Use of the Chalk River NRX Reactor for Irradiation.

SECRETARY JOHNSON expressed the view that the nub of the question was whether the information that was made available to the Canadians in connection with certain irradiation projects did or did not constitute weapons information. COMMISSIONER PIKE stated that in his view the information involved did not in fact constitute weapons data. He reported that the matter had been discussed at length with the Joint Committee and the point had been made to it that the information in question might be considered borderline, but that in view of the immense advantages to be gained from the proposed irradiations the Commission considered that the project should go forward. On this basis the Joint Committee had agreed. Recognizing that this question was a close one on which honest differences of opinion were justified, it was agreed that Dr. Karl Compton³ and some other person not directly connected either with the AEC or the Department of Defense should be asked to give their judgment as to whether the

³Physicist; President of Massachusetts Institute of Technology, 1930-1948; since 1939, served in numerous governmental and advisory governmental positions concerned with military research and development.

information involved did or did not constitute weapons information. SECRETARY JOHNSON indicated that the Department of Defense would be quite willing to go along with the irradiation projects provided the determination was made that the information incidentally given to the Canadians did not constitute weapons information. MR. LEBARON inquired whether it was contemplated that many more cases would arise in which it would be desirable to use the Canadian reactor. MR. PIKE replied that it would not be possible to say at this time, that the number of cases would depend on as yet unforeseen developments in the hydrogen bomb program. If it seemed clear that valuable time could be saved in future by using the Canadian reactor, the Commission would propose that such individual cases be considered on their merits at the time they arose.

C. Areas of Exchange of Information—Definition of Weapons Data.

It was agreed that it would not be possible to lay down a hard and fast line on the definition of weapons data and that individual cases would have to be considered on their merits as they arose.

D. U.S. Government Reply to Norwegian Request of Atomic Energy Assistance.

The members took note of the reply which had been given the Norwegians by our Embassy and the Norwegian response thereto. (See Tab F.)

III. CONSIDERATION OF FUTURE TRIPARTITE RELATIONSHIPS—STATUS OF TALKS INITIATED BY PRESIDENTIAL APPROVAL OF NEGOTIATING OBJECTIVES DATED MARCH 2, 1949

It was agreed that the question of future tripartite relations should be reviewed in the light of the various events that had occurred since the talks were placed in suspense with a view toward presenting to the President in due course recommendations as to the resumption of negotiations.

It was further agreed that it would be useful for the members to get together again briefly prior to the departure of the Secretary of State for Europe.⁴

As a starting point for a current evaluation of the situation, the Secretary of State suggested that a memorandum which had been prepared for him by Messrs. Fisher and Arneson might be circulated to the other members.⁵

R. GORDON ARNESON

⁴ On May 6, Secretary Acheson departed for Europe to attend a meeting of the North Atlantic Treaty Council and to meet with British Foreign Secretary Bevin and French Foreign Minister Schuman. For documentation on various aspects of Acheson's trip, see vol. III, pp. 828 ff.

⁵ Memorandum on January 18, p. 499.

[Annex A]

Memorandum Prepared for the American Members of the Combined Policy Committee

SOUTH AFRICAN NEGOTIATIONS

1. The United Kingdom Government has informed the United States Government* that in January the South African Minister for External Affairs raised with the British Foreign Minister the question whether South Africa would not, if it became an important supplier of uranium, be entitled to a "special position" in the field of atomic energy.

2. The United Kingdom Government considers this conversation as a diplomatic approach. The South Africans have not so far made a diplomatic approach to the United States Government, although they indicated intention to do this in due course.

3. The United Kingdom Government states a disposition to reply to the Union of South Africa along the following lines, providing the American and the Canadian Governments agree:

That there is no objection in principle to including in a raw material agreement with the Union provisions according some special relationship to the latter as a producer of uranium. These provisions might have the same effect as paragraph 9a of the Belgian Agreement, and might eventually have to be extended to include other advantages which might be granted the Belgians.

4. There is presented for the consideration of the American members of the Combined Policy Committee, the following alternative proposals in which the United Kingdom and Canadian members would be requested to concur:

A. That the arrangements with South Africa, if possible, be confined to a straight commercial contract between the CDA and the South African Atomic Energy Board, covering production and procurement of uranium, along the lines of the memorandum developed by the negotiators of the Agency and the Board in Johannesburg last fall.

B. That in the event the South Africans insist on a "special position", a combined approach be arranged under the auspices of the Combined Policy Committee which would:

1. Be independent of the contractual negotiations.
2. Inform the South Africans of the basis for United States-United Kingdom-Canadian CPC and CDA arrangements.

*See letters to Mr. Arneson from Mr. Marten, British Embassy, February 24 and from Mr. Wilson, Atomic Energy Commission, April 10. [Footnote in the source text. The letters are not printed.]

3. Consider what special position in the atomic energy field might be granted South Africa on the basis of her potential uranium production and in the light of her scientific and technical capabilities.

APRIL 18, 1950.

[Annex B]

Memorandum Prepared for the American Members of the Combined Policy Committee

NOTATION OF INTERIM URANIUM ALLOCATION AGREEMENT FOR 1950

The uranium allocation agreement approved by the Combined Policy Committee on January 7, 1948⁶ expired December 31, 1949. Since it became apparent late in 1949 that an overall Tripartite agreement in the atomic energy field would not be reached before the expiration date of the raw materials agreement referred to above, the British were asked for assurances that the United States would receive in 1950 a sufficient tonnage of uranium ore from the Belgian Congo to meet the expanded requirements of the United States Atomic Energy Commission.

In response, the British on December 22, 1949 proposed an interim raw materials arrangement⁷ which the American side of the Combined Policy Committee agreed to accept under certain conditions.

On being informed of these conditions,⁸ the British incorporated them into a draft interim allocation agreement, which was submitted by the British Ambassador, under the cover of a letter of March 20, 1950 to the Secretary of State,⁹ for the consideration of the American members of the Combined Policy Committee.

Following receipt of the written approval of the Secretary of Defense and the Atomic Energy Commission of the terms of the agreement as they stood, the Secretary of State advised the British Ambassador by letter,¹⁰ with a copy to the Canadian Ambassador, that the agreement was acceptable to the American members of the Combined Policy Committee, and that therefore the agreement should now be considered as in effect. A copy of the agreement is attached for notation.

APRIL 18, 1950.

⁶ For the text of the allocation agreement of January 7, 1948, see *Foreign Relations*, 1948, vol. I, Part 2, p. 685.

⁷ The letter from the British Ambassador to the Secretary of State, December 22, 1949, is not printed.

⁸ The letter from the Secretary of State to the British Ambassador indicating United States agreement, January 26, 1950, is not printed.

⁹ Not printed.

¹⁰ Letter of April 18, 1950, not printed.

[Subannex]

Interim Uranium Allocation Agreement for 1950

1. Sufficient raw material to meet the full expanded U.S. requirement of 2,934 tons for 1950, after allowing for supplies from other sources, shall be shipped and allocated to the United States of America from Congo production.

2. If, as estimated, the total quantity available from U.S., Canadian and Congo sources exceeds the figure of 2,934 tons by 131 tons, 130 tons of material shall be shipped from the Congo to the U.K. If the excess production is less than 130 tons, the lesser figure will be shipped to the United Kingdom.

3. It is understood that this interim allocation does not apply to stocks presently unallocated.

4. This arrangement shall be subject to immediate review at the request of any of the three Governments.

5. The U.S. members of the Combined Policy Committee wish to have it recorded that in the event that the above-mentioned U.S. requirements cannot be met from supplies from other sources, they will be obliged to request an allocation to meet the deficiency from presently unallocated stocks in the U.K.

APRIL 18, 1950.

[Annex C]

Memorandum by the British Members¹¹ of the Combined Policy Committee to the United States Members

BRAZILIAN MONAZITE

The U.K. members of the Combined Development Agency request the concurrence of the U.S. members, in conformity with para. 4 of the Exchange of Notes between Lord Halifax and Mr. Acheson regarding the Brazilian-U.S. Agreement,¹² to the importation into the United

¹¹ Sir Oliver Franks, British Ambassador in the United States, and Sir Derick Hoyer Millar, Minister, British Embassy.

¹² Reference is to an exchange of letters between Lord Halifax, the British Ambassador in the United States, and Dean Acheson, the Acting Secretary of State, September 19 and September 24, 1945; for texts, see *Foreign Relations*, 1945, vol. II, pp. 44-45 and 47-48. By means of the letters, the United States and United Kingdom agreed that the United Kingdom had acquired the same rights and assumed the same responsibilities that it would have acquired and assumed had the U.S.-Brazilian Agreement of July 6, 1945 (*ibid.*, pp. 20-23), been concluded with Brazil by the United States and the United Kingdom acting jointly. Paragraph 4 of each letter stated that the Combined Development Trust would act on behalf of the United States and United Kingdom in all matters relating to the fulfillment of the agreement.

Kingdom from Brazil of 250 tons of monazite per annum for a period of two years. The U.K. members understand that the importation would be by Thorium Limited and that the monazite would be obtained from various suppliers in Brazil through the good offices of Orquima.

2. This is the first request made for the importation into the U.K. of Brazilian monazite. As the U.S. members of the C.D.A. are aware, the U.K. has not been able to obtain supplies of monazite from India for the past two or three years. During that time the U.K. has not, therefore, been able to import any monazite. It is believed that during the same period the U.S. has imported considerable tonnages from Brazil.

3. The matter is one of considerable urgency as legislation is being promoted in Brazil to ban the export of monazite. It is therefore desired to conclude the contracts before this legislation takes effect. The U.K. members would therefore be grateful if the U.S. members could give urgent consideration to this request. They suggest that in the interest of speed it is not necessary to hold a formal meeting of the C.D.A. to discuss the request but they would, of course, be ready to do so if the American members wish it.

4. If the U.S. members are agreeable to the U.K. request, it is suggested that the U.S. Ambassador in Rio should be requested to inform the Brazilian Government that there is no objection on the U.S. side to the export of 250 tons of monazite per annum over a two-year period to the U.K., so that the necessary arrangements can be made by Thorium Limited with the least possible delay.

MARCH 25, 1950.

[Annex D]

Memorandum Prepared for the American Members of the Combined Policy Committee

[WASHINGTON,] April 18, 1950.

STATUS OF THE BELGIAN TALKS

Talks which the Belgians initiated for the purpose of reviewing with the United States and the United Kingdom certain aspects of the Congo Uranium Agreement of 1944, with special reference to Section 9a thereof, commenced on January 30, 1950.

In the course of the discussions, it soon became apparent that the Belgians desired assistance which neither the United States nor the United Kingdom, because of security considerations, were prepared to give, and, furthermore, which the United States under the Atomic

Energy Act of 1946 could not give. The Belgians, therefore, expressed considerable disappointment over the Memorandum of Conversation which was presented to them on February 9, 1950¹³ outlining the type of unclassified assistance the United States and the United Kingdom felt could be afforded Belgium under present circumstances.

Belgian Foreign Minister Van Zeeland voiced this disappointment in a personal message to the Secretary of State¹⁴ requesting the latter's intervention in arriving at an agreement more favorable to the Belgian Government.

In reply, the Secretary explained the American position and proposed a text for a Joint Communiqué summarizing the background of the talks and the maximum assistance which the United States and the United Kingdom were prepared to render at this time.¹⁵ After presenting the message to Mr. Van Zeeland, Ambassador Murphy informed him orally (1) that as soon as future developments or any change in the Atomic Energy Act of 1946 occurred which might make possible further assistance along the lines proposed by Belgium, the United States would give sympathetic consideration to Belgian wishes, and (2) that we would be willing to consider making a suitable financial contribution toward Belgium's efforts in the field of atomic research as soon as a more detailed program had been worked out.

Mr. Van Zeeland was also informed that the United States and the United Kingdom were aware of the fact that he must answer an interpellation on March 7th in the Belgian Senate regarding Belgian Congo uranium, and that the Communiqué had been drafted with this necessity in mind.

Mr. Van Zeeland subsequently accepted the Communiqué, subject to formal approval of the Belgian Cabinet, and proposed publication time for March 7 at 10 a. m. Prior thereto, however, Mr. Van Zeeland requested that the date of publication be postponed until further notice, since additional time was required by the Belgian Cabinet for considering certain suggestions it wished to make in connection with the Communiqué, even though the latter was acceptable in principle. On March 7, therefore, Mr. Van Zeeland answered the Belgian Senate interpellation by referring to Mr. Spaak's previous statement on this subject and promising a more detailed reply when negotiations were finally concluded.

On March 10, the Belgian Ambassador in Washington conveyed to the Department certain points which Mr. Van Zeeland wished the Secretary of State to agree to as a condition of final Belgian accept-

¹³ Not printed.

¹⁴ Message of February 17, p. 528.

¹⁵ For Secretary Acheson's reply, see telegram 243 to Brussels, February 22, p. 531.

ance of the Communiqué.¹⁶ The American negotiators felt that these points, one of which called for a yearly contribution of five million dollars toward the development of atomic energy in Belgium, were in many respects unacceptable and, in any case, required most careful consideration; especially when viewed against the background of a Belgian Memorandum dated February 14,¹⁷ which, although superseded by the substance of the points mentioned above, was left with the Department for notation. The Memorandum was particularly unfortunate in its tactless phrasing and the impression that it left that the Belgian Government doubted the sincerity of American assurances concerning the remoteness of the commercial use of atomic energy.

Since Assistant Secretary of State Perkins was then about to leave for London, it was decided that no reply to the Belgians should be made until he had had an opportunity of discussing with Ambassador Murphy the points raised by the Belgian Foreign Minister.

At their meeting, Mr. Murphy told Mr. Perkins that he felt there was no longer any urgency connected with the talks due to the domestic crisis in Belgium created by the question of the King's return.¹⁸ He felt, however, that he could be of assistance in working out a reasonable attitude on the part of the Belgians on the basis of the explanation of our views which Mr. Perkins had given him.

The subsequent fall of the Eyskens Government and the inability on the part of the Belgians to form a new government have resulted in a temporary suspension of negotiations, although the Belgian Foreign Office has indicated its continuing interest in an eventual resumption of the talks.

It is thought that the Foreign Office has now been convinced of our good faith in the position we have taken in the negotiations. It would seem, however, that the Belgians are less convinced of the practical value of the assistance we have offered them in contributing toward the establishment of a reasonable and soundly based research and developmental program in Belgium.

Mr. Perkins will again be in London soon in connection with the meeting of Foreign Ministers of the Atlantic Pact countries. It is anticipated that Mr. Van Zeeland, or at least Baron de Gruben of the Belgian Foreign Office, will also be in London for this occasion. Mr. Perkins plans, therefore, to try to impress upon the Belgians the positive benefits we think will accrue to them from the assistance we have

¹⁶ Note from the Belgian Ambassador to the Department of State, March 10, not printed.

¹⁷ Memorandum from the Belgian Embassy to the Department of State, February 14, not printed.

¹⁸ For documentation on United States interest in the governmental crisis in Belgium, see vol. III, pp. 1347 ff.

offered. We will intimate that upon the establishment of a stable government in Belgium, if that has not already been accomplished, we would be happy to resume negotiations with a view toward arriving at a final understanding on the basis of the Joint Communiqué, which all parties have agreed to in principle.¹⁹

[Annex E]

Memorandum by the British Members of the Combined Policy Committee to the Combined Policy Committee

United Kingdom Ministers have recently considered the desirability, especially in view of the recent case of Dr. Fuchs, of examining the comparability as between the United States, United Kingdom and Canada of the standards of security in the field of atomic energy.

2. The United Kingdom members of the Combined Policy Committee have therefore been instructed to propose to their United States and Canadian colleagues that a meeting should be held in the near future to examine security arrangements in the field of atomic energy at present existing in the three countries. As a point of departure for such a meeting, para. (d) of Section I of the Memorandum²⁰ drawn up during the tripartite talks last autumn by Sub-Committee III—Information at its meeting of September 26, 1949, might be taken. This paragraph reads as follows:—

“Full exchange of information will depend, as in the past, on acceptance by each of the three countries of the security clearances of the other two countries. An exchange of views on the methods and criteria used in security clearances should be arranged, perhaps most easily by exchange of visits of security officers. It is not necessary for the procedures to be identical provided they achieve the same standards.”

3. If it is agreed to hold such a meeting the United Kingdom members of the Combined Policy Committee feel that representatives of the security services interested in the safeguarding of classified atomic energy information of the three countries should be included in the respective teams, together with persons who have a general responsibility for the direction of the atomic energy programmes in the three countries.

4. The United Kingdom members would be glad to learn the views of their United States and Canadian colleagues on this proposal.

WASHINGTON, 17th April, 1950.

¹⁹ Perkins, Van Zeeland, and Sir Roger Makins, British Deputy Under Secretary of State for Foreign Affairs, reviewed the atomic energy situation at London on May 18. The memorandum of this inconclusive conversation is not printed. (Department of State Atomic Energy Files)

²⁰ Not printed.

[Annex F]

Memorandum Prepared for the American Members of the Combined Policy Committee

Subject: Reply to Norwegian Request

1. In January 1949 Dr. Randers, Head of the Norwegian Institute for Atomic Energy Studies, made formal request in a letter to the Atomic Energy Commission for assistance in the construction of the projected Norwegian heavy water reactor.²¹ In addition to unclassified information, he wished to secure from the United States purified uranium and reflector graphite.

2. In a letter dated April 12, 1949,²² Dr. Randers was informed by the Atomic Energy Commission as to the necessary arrangements for obtaining declassified technical information released by the Commission. It was indicated that answers to the other questions raised would require careful consideration and that the United States views would be transmitted by the Department of State in due course.

3. In March 1950 Dr. Randers approached the Embassy at Oslo, requesting some early definite reaction from the United States with regard to the original requests for uranium and graphite. He recognized that recent events such as the Fuchs case and the announcement of the H-Bomb diminished chances that assistance would be available from the United States to smaller countries for furthering their progress in atomic energy.

4. The Department of State is requesting the American Embassy at Oslo to inform Randers orally and informally that in the present circumstances, the United States Government is unable to provide direct assistance to Norway or Norway and its affiliates in furtherance of their atomic energy development. A telegram containing instructions for the guidance of the Embassy has been despatched²³ after review by the Department of Defense and the Atomic Energy Commission.

5. The British have been informed of the position the United States Government will transmit to the Norwegians. It will be recalled that the United Kingdom, at the insistence of the United States Government did not agree to refine uranium ores for the Norwegians in connection with an approach by the latter in 1948.

APRIL 18, 1950.

²¹ Letter from Dr. Gunnar Randers to the United States Atomic Energy Commission, January 19, 1949, not printed.

²² Not printed.

²³ Telegram 261 to Oslo, April 18, 1950, not printed.

751.001/5-550 : Telegram

The Ambassador in the Soviet Union (Kirk) to the Secretary of State

CONFIDENTIAL

Moscow, May 5, 1950—7 p. m.

1291. Judging by tenor and content articles currently appearing *Pravda Izvestiya et al* French Government has dealt resounding blow in expelling Professor Joliot-Curie from post in atomic research.¹ Such anguish and pain show clearly hurt done.

Personally I am immensely gratified this action French Government as have long considered the professor a serious menace in scientific circles not only in France but also and perhaps more dangerously in Belgium.²

Sent Department 1291; Department pass Paris 188, London 178, Brussels 10.

KIRK

¹ On April 28, Premier Georges Bidault dismissed Dr. Joliot-Curie as High Commissioner for Atomic Energy. Bidault justified the action on a recent statement by Joliot-Curie that no truly progressive scientist would allow his scientific knowledge to be employed in a war against the Soviet Union.

² Admiral Alan G. Kirk was Ambassador to Belgium, 1946-1949.

Department of State Atomic Energy Files

Memorandum of Conversation, by the Secretary of State

TOP SECRET

[LONDON, May 16, 1950.]

MEMORANDUM OF CONVERSATION HELD MAY 16, 1950 AT MR. BEVIN'S APARTMENT, No. 1 CARLTON GARDENS, LONDON ¹

At Mr. Bevin's request I met at his apartment at Carlton Gardens with him, Mr. Attlee,² Mr. L. B. Pearson.³ There were also present Sir Roger Makins, Mr. Patrick Gordon Walker,⁴ and one other person whom Mr. Pearson was supposed to know.⁵

Neither Mr. Pearson nor I knew that any officials were to be present. Mr. Pearson had not been told the subject of the meeting. I had been told that it was to review the present status of our atomic discussions.

Mr. Attlee, speaking from some papers given him by Sir Roger Makins, stated that the British Government was placed in a difficult

¹ Secretary Acheson was in London for a meeting of the North Atlantic Council, May 15-18. While in London, he also engaged in separate tripartite meetings with British Foreign Secretary Bevin and French Foreign Minister Schuman.

² Clement R. Attlee, British Prime Minister.

³ Lester B. Pearson, Canadian Secretary of State for External Affairs.

⁴ British Secretary of State for Commonwealth Relations.

⁵ The phrase "one other person whom Mr. Pearson was supposed to know" is a handwritten addition on the source text.

position arising from the fact that the discussions which had been taking place on the future collaboration between the two Governments had had to be halted by the Fuchs affair. He did not doubt that the interruption was necessary. However, it now seemed to the British Government that it was unlikely that any conclusion could be reached in the discussions, by which he meant that no agreement could come out of them for a period of approximately one year. During that time the British Government would either have to keep its program in suspension or go forward with it in a way which might produce difficulties between us (he referred specifically to building the third pile), and he feared that public opinion would force the Government to proceed with it in the absence of an agreement. He asked me whether I saw any way of resolving this difficulty, by speeding up the prospective time table.

I said that I could not make any helpful suggestion. It seemed to me quite unwise to resume the discussions during the remaining few months of the Congressional session, since the fact that discussions were going on always got into the newspapers and the pre-election atmosphere was sure to make the whole situation more difficult.

I said that Sir Oliver Franks had recently laid before us a British proposal that we should consult together with the object of bringing our security regulations into harmony.⁶ The American side of the Combined Policy Committee had considered it and thought well of the proposal, and I thought that in all probability action could be taken along this line. If a successful conclusion was reached in these discussions, we could then consider what the next step would be. I said that I had not had an opportunity to discuss with the Secretary of Defense or the Acting Chairman of the AEC what should be done after these discussions, but I ought to be able to do so in due course.

Mr. Bevin asked whether we were clear in our minds that Congressional action was necessary for full collaboration. I said that we were clear about this and that this was not simply a matter which rested in the opinions of Cabinet officers. If at some time in the future a decision was reached to have full collaboration, you could not as a practical matter go forward so long as the individuals who would be involved in it were subject to the possibility of grave violations of the law.

Mr. Attlee observed that it was the McMahon Act which had caused a breakdown in a program which had been discussed with President Truman. I said that this was so, but that it was not a matter within the control of the President.

⁶The British proposal is printed as Annex E to the record of the meeting of the American Members of the Combined Policy Committee, April 25, p. 557.

Sir Roger Makins then said that the British Government would for the present at least proceed domestically within the program which it had declared to us in an endeavor not to create more problems which would make future negotiations more difficult. He said that in doing this the British Government might ask us for export licenses for certain materials which were not forbidden under the law but which involved the exercise of discretion. He hoped that, if and when such applications were made, they would be sympathetically considered, since their refusal would cause misunderstanding and difficulty. I said that I did not know what he had in mind but that any request which he made would receive careful and sympathetic consideration, because we also were desirous of avoiding any action which might prejudice future discussions.

I suggested to Mr. Attlee that both in the discussions regarding security measures and in any approaches which the British Government might make to us in Washington on this whole subject the matter should be conducted as far as possible through the regular Embassy staff, pointing out that the presence in Washington of such well known officials as Sir Roger Makins, with their known connection with this subject, always gave rise to embarrassing speculation in the Press. Mr. Attlee and Mr. Bevin agreed that this was most desirable.

Mr. Pearson took no part in the foregoing discussion. At its close he raised the question of proceeding informally with the talks among the sponsoring powers in the United Nations on atomic energy.⁷ He suggested this, he said, not with any idea that any substantive progress would be made, but because the so-called Vishinsky proposals of last fall were being used by Communist propaganda to make it appear that the Russians were willing to move toward international control, and that the Western Powers were blocking it.⁸ He knew that this was not the case, and that the real block came from the Russians'

⁷ For documentation on this subject, see pp. 1 ff.

⁸ Reference is presumably to the draft resolution "Condemnation of the preparations for a new war, and conclusion of a five-power pact for the strengthening of peace," introduced by Andrei Y. Vyshinsky, Soviet Foreign Minister, at the Fourth Session of the United Nations General Assembly. The Soviet proposal provided, *inter alia*, for the unconditional prohibition of atomic weapons and for appropriate international control. For text, see telegram Delga 16 from New York, September 23, 1949, *Foreign Relations*, 1949, vol. II, p. 88. For additional information on Soviet positions at the General Assembly in 1949, see *ibid.*, vol. I, pp. 1 ff.

Pearson had previously informed United States officials of his concern respecting the Soviet General Assembly proposals of 1949; in this regard, see memorandum of conversation by Philip C. Jessup, Ambassador at Large, April 3, p. 60.

refusal to discuss the matter with a Nationalist Chinese on the group. Mr. Pearson said that it would be most desirable to find a way of removing this difficulty, because he thought it important to smoke out, in his phrase, the Vishinsky proposal and demonstrate that there was nothing in it. He said that the Chinese representative never contributed anything to the discussions, never should have been on the group, and Mr. Pearson wondered whether there was not some way of meeting—or suggesting that we meet—informally without him, and put upon the Russians the burden of refusing. I said that this was an interesting suggestion and that we would give it very careful thought.

Mr. Attlee ended the meeting by saying that he thought we could not carry the discussion further at this time.

460.509/6-1550

Memorandum by Mr. R. Gordon Arneson¹ to the Under Secretary of State (Webb)

TOP SECRET

[WASHINGTON,] June 15, 1950.

Subject: East-West Trade.

I understand that the Secretary has requested that S/S supply through you appropriate documentation in order that he may study all aspects of the problem of East-West trade.²

This office and the staff of the Atomic Energy Commission have been seriously disturbed to note increasing evidence that Western European countries are not cooperating wholeheartedly to set up controls banning strategic exports to the Soviet bloc. The lack of progress made in selling a portion of the U.S. embargo list and the bulk of the U.S. restricted list presents an anomaly to MAP since Western Europe continues to supply large quantities of important industrial materials for development of Soviet military potential. Moreover, and of direct concern to this office, it is not unlikely that ability to secure these materials from the West enables the Soviets to proceed more rapidly with their atomic weapons program.

For the past two years we have carried on, in collaboration with the Atomic Energy Commission, a program to secure control of atomic energy items by other governments under policies and procedures similar to those in effect in the United States. This program, by

¹ Special Assistant to the Under Secretary of State for atomic energy policy.

² Documentation on United States policy regarding trade with the Soviet Union and Eastern Europe is scheduled for publication in volume iv.

mutual agreement between the Department and the ECA, was carried forth separate from the negotiations of ECA and the Department regarding military and strategic industrial items. The balance sheet after two years is :

1. *Regarding atomic energy items*, complete agreement in principle and establishment of controls of varying natures have been obtained from the Governments of Sweden, Norway, United Kingdom, Canada, France, Belgium, the Netherlands and Italy. The Allied High Commission for Germany has issued a law controlling atomic energy items and steps are now being taken to work out the necessary implementing regulations. Swiss officials have expressed informal concurrence with our objectives, but indicate it will take some time to develop official restrictive controls in view of neutrality concepts prevailing in Switzerland.

2. *Regarding military and strategic industrial items*, the major ECA countries have agreed to the major portion of the 1A embargo list, but there is great resistance to accepting a score or so of residual 1A items or to adopting quantitative controls over the several hundred items on the 1B strategic list.³ In addition, the export control mechanisms of these countries, with the possible exception of the U.K., are notoriously loose and ineffective. Germany presents a particularly difficult problem in this respect, with direct controls administered by local governmental officials and Allied supervision very inadequate.

3. The absence of effective administrative controls over all important industrial items impairs the effectiveness of the control mechanism over atomic energy items inasmuch as such operations as application procedures, license screening and customs surveillance are, to a great extent, common problems. Moreover, many items of importance in atomic energy development have general industrial application, thus requiring close scrutiny of the industrial lists to prevent shipments to undesirable destinations.

4. It is disturbing to note that the Department continues officially to adhere to the basic principles of export control policy established in December 1947, even though the entire political-military balance and timing vis-à-vis the USSR have been radically changed by atomic energy and other developments occurring since the Soviet atomic explosion of September 1949. One main principle stated as "security is best served by maintaining and increasing strength of the West relative to that of the East" is particularly vulnerable in view of the short time which may remain to improve the situation before the Russians are in a position to call the tune themselves.

³ Lists "1A" and "1B" provided the basis for the atomic energy export control program. List "1A" consisted principally of items controlled under formal regulations issued publicly by the United States Atomic Energy Commission, while List "1B" contained items which had general industrial application but which also had applications in the atomic energy field. For text of the circular airgram of August 16, 1948, transmitting Lists "1A" and "1B" as they existed at that time to posts abroad, see *Foreign Relations*, 1948, vol. I, Part 2, p. 739. A circular airgram of March 10, 1950, transmitting updated versions of the lists is not printed.

5. I attach for your attention a memorandum by Mr. Frederick H. Warren, Chief of the Export Control Branch of the Atomic Energy Commission, on the strategic aspects of East-West trade (See Tab A).⁴ Mr. Warren, through participation in inter-agency export control committees, is conversant with policies and procedures in this field. I find quite persuasive his conclusion that the selective approach to the trade problem has been ineffective. However, I feel more direct action than a rehash of the scanty factual data available is called for in the present circumstances.

6. I am aware of the reasoning that to invoke an embargo on trade to the East would cause the Soviets to develop their own industrial plant to the point of complete self-sufficiency and that this would be undesirable. I think this is open to argument that: (a) the Soviets can in any event be expected to be working in the direction of self-sufficiency to the maximum extent of their present capabilities; and (b) instead of furthering self-sufficiency, we might cause them to be less self-sufficient for an important period of time by forcing them to divert important resources and manpower to construct new plant facilities to produce the items formerly acquired from the West.

R. GORDON ARNESON

⁴ Not printed.

Department of State Atomic Energy Files

*The Ambassador in France (Bruce) to the Under Secretary of State
(Webb)*

TOP SECRET

PARIS, June 22, 1950.

DEAR MR. WEBB: I have carefully considered the questions raised in your letter of May 23¹ regarding the advisability of approaching the French Government to determine its attitude toward the development and exportation of uranium ores discovered by American mining concerns in French Morocco and French Equatorial Africa. In my opinion, prospects for French assent to such a proposal are so highly unfavorable that it would be unwise to make any approach at present. Although most of the French officials concerned would probably be willing personally to accommodate the United States, particularly in view of the Atlantic Pact and the Military Assistance Program, domestic political considerations virtually preclude official approval. Owing to the climate of French public opinion with regard to atomic weapons and atomic warfare, it would be political suicide for the Government to propose before the National Assembly to supply uranium to the United States from French territories.

¹ Not printed.

In view of this situation, I would suggest that, at least for the time being, we regard French resources of fissionable material as a potential reserve available to the United States for military purposes in the event of an emergency. Meanwhile, we should take all necessary measures to keep informed of French prospecting and development programs, as well as the results of refining and stockpile operations. As you know, the Embassy has reported on this subject from time to time and will continue to do so with, I believe, increasing thoroughness.

The foregoing observations apply particularly to French Equatorial Africa and other French territories. Morocco, as you suggest, presents certain differences owing to the fact that it does not have territorial status within the French Union. Moreover, as you probably know, the exportation of beryl ore from Morocco to the United States has been quietly occurring with the knowledge of certain officials of the Foreign Office and the French Atomic Energy Commission. It may, therefore, be possible to obtain French acquiescence to the exportation of uranium ores by American firms or even by firms owned by other nationals. If the approach to General Juin,² as mentioned in your letter, should occur, I would be most interested to learn of the outcome.

You may be assured that I shall continue to take a close, personal interest in French atomic energy affairs, and that this Embassy stands ready to assist the Department with every means at its disposal in this most important field.

Sincerely,

DAVID BRUCE

² Gen. Alphonse Juin, Governor General of Morocco.

Editorial Note

On July 7, President Truman announced that he was requesting Congress to provide the U.S. Atomic Energy Commission with fiscal year 1951 supplemental appropriations of \$260 million for additional plants and facilities. The President's statement declared that until international control had been achieved, the United States was compelled to strengthen its own defenses by providing the necessary atomic energy production capacity. For text, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950* (Washington: Government Printing Office, 1965), page 519, or *Department of State Bulletin*, July 24, 1950, page 129. On September 27, 1950, President Truman signed the Supplemental Appropriation Act, 1951, which included an additional \$260 million for the U.S. Atomic Energy Commission (64 Stat. 1044).

845A.2546/7-1250

*Memorandum of Conversation, by Mr. Clarence A. Wendel of the
Office of the Under Secretary of State (Webb)*

TOP SECRET

[WASHINGTON,] July 12, 1950.

Participants: Ambassador Jooste of South Africa
Mr. W. Dirkse-van-Schalkwyk, First Secretary, South
African Embassy
The Secretary of State
Mr. Clarence Wendel, U/A

The South African Ambassador stated that he had requested the time with the Secretary to take up, under instructions from his Government, a matter pertaining to atomic energy which would be handled on a secret basis. His representations would be oral and informal and would be similar to representations which had been previously made to the British Government by his Government.

The Secretary was probably aware, the Ambassador said, that South Africa might become one of the foremost, if not the chief, sources of uranium. He mentioned that with the full awareness of the United States and of the United Kingdom, research conducted in South Africa on the extraction of uranium minerals from gold ores had now produced significant and important results. Corollary work augmenting this had also been performed in the United Kingdom and in the United States and was continuing.

His Government, the Ambassador continued, by virtue of these developments and the expected position of South Africa as a producer of uranium, desired to associate itself with the "inner circle" of Western countries in atomic energy. In connection with this representation, there were two particular points which his Government wished to note. The first pertained to security, and he wished to emphasize that the United States and the United Kingdom could be assured that they would have no cause to worry as to the ability and concern of the Union Government in this connection. The second related to the atomic bomb, and his Government wanted to make it explicitly clear that it had no interest in obtaining information regarding the manufacture of atomic weapons.

The Secretary took note of this point and inquired whether this meant that the Union Government was mainly interested in the ore extraction phases. The Ambassador replied in the negative, although he did not expand on what sort of special assistance his Government desired.

The Secretary said that there obviously was not much he could say at this time, but he could assure the Ambassador that these represen-

tations would be considered sympathetically. He said that the United States Government had been informed of the previous representations made to the British, and that the Ambassador's statements therefore came as no great surprise.

There was another point, the Secretary added, which he would like to mention. In view of the great importance attached to developing South Africa's uranium supply, we were anxious to agree on the contractual terms to do that as speedily as possible. Our people had written several letters to the South African Atomic Energy Board and had waited a considerable period for a reply; was there not something, the Secretary said, that the Ambassador might do to needle a reply shortly? Mr. Schalkwyk replied that it was their understanding that a letter was now on its way concerning this matter, and that some delay had been caused by the recent shift of the Government from Capetown to Pretoria. The Secretary expressed satisfaction with this information.

891.2546/7-2950 : Telegram

The Ambassador in India (Henderson) to the Secretary of State

SECRET

NEW DELHI, July 29, 1950—10 p. m.

244. 1. Deptel 589, June 14.¹ Bajpai,² SYG MEA, informed me several days ago that Bhabha³ had returned Delhi and GOI was now prepared resume discussions re beryl agreement.⁴ At his suggestion I called on him July 27 accompanied by Corry, minerals attaché of Embassy.

2. Bajpai told us that Prime Minister⁵ continued object to paragraph number three of draft of agreement on ground it superfluous. In paragraph number two GOI had undertaken to sell US 25 percent beryl ore mined during five-year period commencing October 1, 1950; paragraph three provided that if GOI production should reach 600 tons annually GOI would sell US a minimum of 400 tons annually. There was no possibility that Indian production could reach figure 600 tons. Only result of paragraph three therefore would be that it might mislead US into believing that it might possibly get 400 tons

¹ Not printed.

² Sir Girja Shankar Bajpai, Secretary-General of the Indian Ministry of External Affairs.

³ Dr. Homi Jehangir Bhabha, Chairman of the Indian Atomic Energy Commission.

⁴ Reference is to a draft agreement initialed in Washington on October 20, 1949, by Dr. Bhabha and Dr. John K. Gustafson, Manager, Raw Materials Operations, U.S. Atomic Energy Commission. The draft agreement, providing for U.S. purchase of Indian beryl, is not printed.

⁵ Jawaharlal Nehru.

annually. He had talked to Prime Minister re my suggestion that perhaps with assistance American procurement specialist production beryl could be sharply increased. Prime Minister had taken view that GOI would not wish foreign specialists to assist in procurement mineral strategic character like beryl.

3. I again outlined Bajpai history of negotiations. I pointed out how in beginning various GOI representatives had talked about 800 tons stock on hand and about annual production over 1,000 tons, and how gradually GOI had lowered its figures until now they were only 400 tons on hand and 25 percent of production, which could not possibly reach 600 tons annually.

4. Bajpai said he must admit some GOI officials were too optimistic. It was regretted that they had misled US Government. They had acted in good faith but had been lacking in precision. In any event, GOI now had only 400 tons and could not possibly produce 600 tons annually. Therefore, Prime Minister was insistent that paragraph three be deleted.

5. I said that in submitting Prime Minister's wishes to Washington, I would like be able state definitely whether there had been any change in basic attitude GOI re cooperation with US in this field. It had been my understanding at outset that GOI would sell US all beryl ore produced, except (a) that needed for processing in plant; (b) that needed for stockpiling; (c) limited quantities to be sent to other friendly governments. Was GOI now planning to have larger stockpile than it had originally contemplated? Was GOI intending to sell larger quantities to other governments than it had intended at time of our negotiations?

6. Bajpai replied that GOI had revised its idea with regard to stockpile. It was now planning to have a larger stockpile than originally intended. Before replying with regard to possibility of GOI increasing exports to other friendly countries he must consult with Prime Minister. He suggested that we not communicate with Washington until he could make definite reply in this regard.

7. On July 28 Bajpai told me Prime Minister had replied to my questions re GOI intentions export beryl ore to other friendly countries. There has been a certain change in India's plans in this respect. There was now possibility that for certain experimental purposes in which India and another friendly country would participate, certain quantity beryl ore would be shipped to that country. Quantities would not be large, although larger than originally contemplated. These exports would be only of temporary character, because

if experiments were successful, all work based on these experiments would be carried out with beryl in India.

8. I asked Bajpai if he included France among "friendly countries". Bajpai said he was somewhat surprised at my question since he had assumed that France was of course "friendly country". I pointed out that although US relations with France were most cordial we had in past considered that French AEC was of such character that we could repose no confidence in it. Bajpai asked if our attitude was not different now that Curie had left the commission. I said that I had no information which would cause me to believe that it had changed. Curie, being a Communist, undoubtedly had probably filled many positions in the commission with Communists and his departure in itself would not necessarily indicate that the commission could be regarded as secure or even as friendly.

9. Bajpai said in any event the experimental work which would be carried out in cooperation with another country would not contain features of a strategic character. GOI was not trying to produce atomic weapons; it was merely hoping to be able to have atomic piles of its own for commercial and industrial purposes.

10. Re paragraph three of draft Bajpai said Prime Minister still hoped this paragraph could be deleted because it served no purpose other than that of possibly misleading readers. Nevertheless, if US Government insisted that paragraph be retained, or if deletion of paragraph would give rise to internal difficulties in US Government or cause State Department or AEC real embarrassment, he would be willing to allow paragraph remain in agreement, provided it was understood that India would not be able to produce 600 tons annually.

11. We are somewhat hesitant in making recommendations re our course of action, because we are not acquainted with all factors involved. There is no doubt that from technical point of view advantages to be derived by US from this agreement will be much less than what we had originally anticipated. US will be fortunate, in our opinion, to get as much as 100 tons beryl ore annually during next five years, after having received the 400 tons at present in stock. Furthermore, in addition to certain amount of cooperation re atomic matters with US, GOI apparently is planning close cooperation, at least in certain fields, with another country, apparently France (although UK cannot be excluded). On the other hand, even small quantities of beryl ore to be received under contract might be useful, and our failure to go along with contract would probably shut off Indian beryl entirely and would deeply wound certain Indian scientists who desire co-operate with US, and might even diminish their influence in the

Indian Government. We venture recommend, therefore, unless Department and AEC believe that difficulties which they might encounter in Brazil will more than offset advantages to be derived from contract, that we proceed with contract. Furthermore, if paragraph three could be deleted in view of Prime Minister's feelings, and if we could drop it without too much internal embarrassment, we would prefer to see it left out. It would seem to us that its retention would serve no useful purpose other than perhaps to mislead [omission of approximately seven characters] agencies of the Government or American businessmen, and its deletion would represent gracious gesture on our part, particularly in view of fact that Prime Minister has expressed willingness if we insist on it to allow it remain in agreement.

HENDERSON

SCI Files¹

Memorandum by the Executive Secretary of the National Security Council (Lay) to the Secretary of State, the Secretary of Defense (Johnson), and the Chairman of the United States Atomic Energy Commission (Dean)

SECRET

WASHINGTON, August 8, 1950.

The President has directed the Secretary of Defense and the Chairman of the Atomic Energy Commission to prepare a study of the scale and effort required to increase production of fissionable material during the immediate future and its relation to requirements for facilities and manpower, giving due consideration to (1) degree of mobilization under current directives, and (2) full concurrent national mobilization. The objective of the study should be to provide a yardstick showing cost (in facilities and manpower as well as dollars) of incremental increases in the production of fissionable material and to the extent practicable, the impact of such costs on other national defense programs.²

The President has further directed that this study when completed be considered by the special committee of the NSC consisting of the Secretary of State, the Secretary of Defense, and Chairman, Atomic Energy Commission, for the purpose of making any appropriate recommendations to the President.

JAMES S. LAY, JR.

¹ Files retained by the Bureau of International Scientific and Technological Affairs, Department of State.

² The preparation of the study requested by the President is described in Hewlett and Duncan, pp. 525-529.

Department of State Atomic Energy Files

The Secretary of State to the South African Ambassador (Jooste)

TOP SECRET

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of South Africa and has the honor to refer to their conversation of July 12, 1950 during the course of which the Ambassador stated the desire of his Government to associate itself closely with the United States and the United Kingdom in the field of Atomic energy. The Government of the United States previously had been made aware by the Government of the United Kingdom of the interest of the Union of South Africa in being accorded a special position in this field if it becomes an important supplier of uranium.

The Government of the United States wishes to reassure the Government of the Union of South Africa that its proposals will be given sympathetic consideration in consultation with the Government of the United Kingdom in the light of the principles underlying the existing relationships amongst the United States, the United Kingdom and Canada in the field of atomic energy and other relevant factors.

The Government of the United States is prepared to discuss this subject at a mutually agreed time and among such representatives as may be designated by the three Governments concerned. In order to provide a framework for expeditious discussion of the matter, it would be most helpful if the Government of the Union of South Africa would define in the near future what sort of cooperation in the field of atomic energy it is interested in establishing with the United States and the United Kingdom.

Meanwhile, it is the earnest desire of the Government of the United States that progress be made as rapidly as circumstances permit toward understandings on technical and commercial matters relating to a contract for uranium between the Combined Development Agency and the South African Atomic Energy Board.

WASHINGTON, August 24, 1950.

Department of State Atomic Energy Files

The Executive Director of the Joint Congressional Committee on Atomic Energy (Borden) to Mr. R. Gordon Arneson, Special Assistant to the Under Secretary of State (Webb)

[WASHINGTON,] September 6, 1950.

DEAR GORDON: As per our telephone conversation of today, I am writing at the request of the Joint Committee on Atomic Energy—to

ask that you remind the Secretary of State of the agreement existing between the Executive Branch and the Joint Committee in regard to atomic energy relations with Britain and Canada.

I believe we all understand that agreement to have been defined in a press release issued by Senator McMahon on July 27, 1949.¹ I attach a copy of the release and incorporate it in this letter by reference. Unless you advise me to the contrary in the near future, I will assume that you have had opportunity to remind the Secretary of the agreement in question—even though, as you indicated over the telephone, he has been and is very much aware of it.

Many thanks for helping me carry out this specific request by the Joint Committee.

Sincerely yours,

BILL

¹ On July 27, 1949, Secretary Acheson, Secretary of Defense Johnson, U.S. Atomic Energy Commission Chairman Lilienthal and other representatives of the Executive Branch met with the Joint Congressional Committee on Atomic Energy to discuss projected exploratory conversations with Britain and Canada with respect to expanded tripartite cooperation in atomic energy. For the record of that meeting, see *Foreign Relations*, 1949, vol. I, p. 503. Later on July 27, Brien McMahon of Connecticut, Chairman of the Joint Committee, issued a brief press release which concluded as follows: "As had been explained to the Committee previously, no agreement would be concluded and no change whatsoever in existing arrangements would be made until the results of the talks had been made known to and discussed with the Joint Committee. At that time it could be determined what Congressional action is needed." (Department of State Atomic Energy Files)

Department of State Atomic Energy Files

Minutes of the Meeting of the American Members of the Combined Policy Committee, Washington, September 7, 1950, 4 p. m.

TOP SECRET

Present: *Members*

Secretary of State, Mr. Acheson

Secretary of Defense, Mr. Johnson

Chairman of Atomic Energy Commission, Mr. Dean ¹

By Invitation

Adrian S. Fisher, Legal Adviser, State Department

General Bradley, Chairman, Joint Chiefs of Staff

Robert LeBaron, Deputy to Secretary of Defense on Atomic Energy Matters

Joseph Volpe, Jr., General Counsel, Atomic Energy Commission

¹ President Truman appointed Commissioner Gordon E. Dean Chairman of the U.S. Atomic Energy Commission on July 11.

Walter Williams, Acting General Manager, Atomic Energy Commission

John A. Hall, Atomic Energy Commission.

Secretary

R. Gordon Arneson

I. *British Request for Interim Allocation*

The Members had before them a communication from the British Ambassador requesting an interim allocation of 505 tons of U_3O_8 from the unallocated stocks located in the United Kingdom. (Tab A ²) In discussing the matter the following points were developed: SECRETARY JOHNSON pointed out that the Joint Chiefs of Staff are getting ready to inform the Atomic Energy Commission that its requirements for atomic weapons had been doubled. The Defense-AEC working group, established pursuant to the President's directive of August 8,³ was in the process of firming up a recommendation that the AEC production program should be increased to the extent of one and one-half billions of dollars over the next few years. On the supply side, the Secretary of Defense inquired whether steps were being taken to see whether production in the Congo could be appreciably increased. CHAIRMAN DEAN stated that Mr. Gustafson, former Director of Raw Materials of the Commission and currently a consultant to the Agency, was now in Brussels conferring with Mr. Sengier on this question. Mr. Sengier was scheduled to arrive in the United States early in October at which time it was hoped that he would have in hand proposals for increased output. CHAIRMAN DEAN estimated that it probably would not be possible to increase the annual output of the Congo by more than 500 tons. As to other sources of supply, he pointed out that South Africa could not be expected to come into production until 1953 or probably 1954. It was estimated that within a few years U.S. production would be at an annual rate of from 500 to 600 tons. Prospects were good of securing 250 tons from Canada this year with the possibility of a like amount in 1951. The Commission has given the highest priority to the Redox process⁴ but this could not be brought fully to bear for another year and a half.

The Committee *agreed* that the British request for 505 tons should be granted, but that in communicating this decision to them it should be pointed out that U.S. requirements in the immediate future would

² Tab A, a letter from Sir Oliver Franks, the British Ambassador, to the Secretary of State, June 21, is not printed.

³ See p. 570.

⁴ The Redox process for the recovery of uranium is described in Richard G. Hewlett and Oscar E. Anderson, Jr., *The New World, 1939-1946: A History of the United States Atomic Energy Commission*, vol. I (University Park, Pennsylvania: The Pennsylvania State University Press, 1962), p. 630.

be substantially increased and would run at a much higher level for ensuing years and that, accordingly, the U.S. members would like in the near future to discuss the question of future allocations.

II. *Over-all Tripartite Arrangements*

CHAIRMAN DEAN stressed the need from the Commission's point of view for an early resolution of our over-all tripartite relationships. He felt that it would not be feasible to discuss future allocations with the British and the Canadians without also discussing what over-all arrangement, if any, we would be prepared to negotiate. The Commission felt that an arrangement whereby the United States could secure the plutonium output of British piles for fabrication into weapons would constitute a substantial net gain to the weapons production program. Such an arrangement might involve supplying the United Kingdom with a stockpile of weapons for their own use. The desirability of an arrangement of this sort, however, must be considered in the first instance from the military point of view.

In response to a question from Chairman Dean, GENERAL BRADLEY stated that if there were no legal obstacles in the way he felt that it would be highly desirable from a strictly military point of view to establish all-out cooperation with the British in the weapons field. He would favor an arrangement whereby the United States would secure the U.K. plutonium output in exchange for furnishing the U.K. with a suitable number of weapons on which there would be the fullest cooperation on all military aspects. He doubted, however, whether the U.S. would be successful in attempting to disbar the British from producing at least a token number of bombs by their own efforts. CHAIRMAN DEAN reported that the British had raised the question of the use of Eniwetok for testing their first weapon when available. He felt that it would be unfortunate if the British felt impelled to make their own weapon with their own resources for it would be not only a waste of time but of plutonium as well. He would much rather have it possible for the British to make some of their best scientists available to Los Alamos to work in closest cooperation with our scientists there and in turn for the United States to turn over to the British a suitable number of weapons of the most advanced and efficient designs.

On the matter of the law, there was general agreement that the sort of arrangement which was being discussed would undoubtedly require Congressional action. It was also agreed that prospects were very dim for a change in the law before the next session of Congress. It was agreed that the question of changing the law would be academic unless there were accord on the type of tripartite arrangement which was wanted and, accordingly, that present efforts should be directed toward securing an agreed proposal on the American side with a view

toward discussing such proposal with the British and the Canadians if possible within a month or six weeks. It was recognized that the commitment which the Secretary of State made to the Joint Committee last October ⁵ in no way precluded having informal discussions with the British and the Canadians provided no final commitments were made or agreements reached without further consultation with the Congress.

SECRETARY ACHESON expressed the view that inasmuch as the Department of Defense has the greatest interest in arrangements involving military security the most expeditious way to go about firming up a U.S. position would be to have the Department of Defense come up with its recommendations. Once these were in hand the Atomic Energy Commission and the Department of State could make their respective contributions. SECRETARY JOHNSON agreed that this would be the most suitable way to proceed. He stated that Mr. LeBaron, in close consultation with the Joint Chiefs of Staff and the Joint Secretaries, would proceed immediately to firm up the views of the Department of Defense. At this juncture it would not be concerned with the question of the law which would be taken up in due course when it was established what over-all arrangement was deemed desirable.

The meeting thereupon adjourned.

R. GORDON ARNESON

⁵ In a meeting with the Joint Congressional Committee on Atomic Energy, October 13, 1949, Executive Branch representatives, including Secretary Acheson, reiterated assurances that no binding tripartite arrangements would be concluded without the prior knowledge of the Joint Committee. The transcript of the meeting is not printed. (Department of State Atomic Energy Files)

SCI Files

The Chairman of the Joint Congressional Committee on Atomic Energy (McMahon) to the Secretary of State

TOP SECRET

[WASHINGTON,] September 21, 1950.

DEAR MR. SECRETARY: Enclosed is a copy of a self-explanatory letter which I have just written to Secretary Marshall.¹

I am advised that, in order to avoid loss of time, you have been kept informed as to the progress of the preliminary work performed by the former Secretary of Defense and the Chairman of the Atomic Energy Commission regarding the scale and scope of the nation's atomic energy effort.² As I indicated to Secretary Marshall, I deeply

¹ Gen. of the Army George C. Marshall, former Army Chief of Staff (1939-1945) and Secretary of State (1947-1949), succeeded Louis A. Johnson as Secretary of Defense on September 21.

² Reference is to work in process pursuant to the President's directive of August 8; see p. 570.

hope that a decision on this matter can be made and translated into action with all possible speed.

If the atomic program is to be materially enlarged, the problem of raw materials derived from foreign sources, of course, becomes critical. Here I just want to reaffirm the sense of urgency which the Joint Committee feels.

Thank you for your consideration of this letter.

Sincerely yours,

BRIEN McMAHON

[Enclosure]

The Chairman of the Joint Congressional Committee on Atomic Energy (McMahon) to the Secretary of Defense (Marshall)

TOP SECRET

[WASHINGTON,] September 21, 1950.

MY DEAR MR. SECRETARY: This letter is written and transmitted on your first day as Secretary of Defense because I believe that the matter I wish to mention has very great significance.

For some months correspondence has passed between your predecessor and myself regarding the adequacy of our scale and scope of effort in the atomic energy field. Mr. Johnson and General Bradley spoke to this point during an historic session of the Joint Committee on Atomic Energy, held August 2, 1950.³ Their testimony, along with a quantity of additional evidence deriving from the Atomic Energy Commission, the Central Intelligence Agency, and other sources, has made a deep impression upon the Committee. As a result, I feel justified in saying that it is the sense of the Committee—and certainly it is my own conviction—that the scale of our endeavor in the atomic field should be greatly enlarged. I have so recommended to the President.

Mr. Johnson, in a letter signed on his last day as Secretary,⁴ advised me that he and the Chairman of the Atomic Energy Commission had just completed their study of this adequacy problem—a study made at the request of the President—and had transmitted joint views to the Special Atomic Energy Committee of the National Security Council.⁵

My purpose in writing is simply to make known the sense of urgency which the Joint Committee feels.

³ An account of the session of August 2 appears in Hewlett and Duncan, p. 525.

⁴ Not found in Department of State files.

⁵ The report, which recommended substantial expansion of atomic energy production facilities, is described in Hewlett and Duncan, p. 528. In a memorandum of September 29, Arneson recommended to Secretary Acheson that he join Secretary Marshall and Commissioner Dean in approving the report (SCI Files). The report was submitted to President Truman on October 2 and approved by him on October 9.

I know that every patriotic American is grateful to you for again assuming the burdens of enormous responsibility. May you enjoy every success.

Best regards [etc.]

[File copy not signed]

Department of State Atomic Energy Files

*Oral Communication of the Belgian Ambassador (Silvercruys)*¹

TOP SECRET

[WASHINGTON,] September 21, 1950.

1. In the light of the present situation and with due consideration to the views exchanged more recently between the two Governments, the Belgian Foreign Minister has been led to re-examine his position in relation to the problems formally placed before the Department of State on March 10th last.²

2. The Belgian Foreign Minister entertains no doubt that the arrangements arrived at will bring about a closer association in this field. He has taken note of the assurance that conversations will be resumed with Belgium whenever circumstances warrant them.

The redraft communiqué, as submitted previously, appears to be a comprehensive presentation of the understanding between the Governments. It is suggested that certain points, which were not cleared at the time, be brought up for review and accommodation.

3. The Belgian Government is concerned with the means of implementing the program outlined and of providing for industrial developments which appear advisable. In view of the substantial rise in the cost of other raw materials, the Belgian Government is considering readjusting the export tax levied on the ore. Indeed, a corresponding increase appears equitable. Before proceeding with this measure, consultation with the United States Government is desired owing to its interest in the matter.

4. The building up in the Belgian Congo of a plant for ore reduction is contemplated. The technical cooperation of the American agencies concerned would be of great value for carrying out this project of special interest to both countries.

5. In dealing with these matters, the Belgian Foreign Minister is actuated by the desire of taking into fullest consideration circum-

¹ On September 21, presumably at the time of the delivery of this communication, Ambassador Silvercruys discussed atomic energy questions with Assistant Secretary of State Perkins and Arneson. The conversation is described in telegram 408 to Brussels, September 28, not printed. (855A.2546/2-2850)

² The note from the Belgian Ambassador to the Department of State, March 10, is not printed. The United States-Belgian talks of January through March are summarized in Annex D to the Minutes of the American Members of the Combined Policy Committee, April 25, p. 554.

stances as they prevail today. Before releasing the communiqué, and annex thereto, with suitable condensation, as agreeable, he would welcome arrangements with the United States Government on the above-mentioned points.

103.AEC/9-2650

Memorandum of Conversation, by Mr. Lucius D. Battle, Special Assistant to the Secretary of State

TOP SECRET

[NEW YORK,¹] September 26, 1950.

Participants: Mr. Acheson
Mr. Bevin
Mr. Barclay ²
Mr. Battle

Mr. Bevin asked Mr. Acheson about developments in the field of atomic energy with particular reference to continuance of the discussions which were held in the past between the United States and the British in this field. Mr. Acheson said that he thought some progress was being made and that he had recently obtained an expression from the Department of Defense and the Atomic Energy Commission in favor of resuming the discussions. Mr. Acheson said that he thought it was important to handle this as quietly as possible. He recommended against the British sending over anyone for the discussions who was as well known as Sir Roger Makins whose presence attracted some comment and attention. Mr. Acheson said that he would be in touch with Sir Oliver Franks on this field.

¹ Acheson and Bevin were chairmen of their respective delegations to the Fifth Session of the United Nations General Assembly which convened in New York on September 19.

² R. E. Barclay, private secretary to Mr. Bevin.

Department of State Atomic Energy Files

Memorandum of Conversation, by Mr. Lucius D. Battle, Special Assistant to the Secretary of State

TOP SECRET

[NEW YORK,] September 28, 1950.

Participants: M. Paul van Zeeland, Foreign Minister of Belgium ¹
Ambassador Silvercruys
Secretary Acheson
Lucius D. Battle

¹ Chairman of the Belgian Delegation to the General Assembly.

Mr. van Zeeland called on Mr. Acheson at Mr. van Zeeland's request. He apologized for disturbing the Secretary at this busy time but said that he had a serious problem with his Parliament which opens on Tuesday.² He said that he would, when Parliament opened, be under pressure for information on the status of negotiations in the atomic field. He said that he had been able to postpone this for nearly a year and could possibly delay a little longer although he felt he could get away with more in view of the atmosphere left by our recent meetings than he would have expected. He said that the Belgians had concluded it was best to accept our views in these negotiations. He then asked Ambassador Silvercruys to report on the discussions which he had had with Mr. Arneson and Mr. Perkins.³ The Ambassador said that he assumed Mr. Acheson had received a report on these discussions. Mr. Acheson said that he had been filled in on that. The Ambassador said that these discussions had resulted in practical agreement and there was only one point which was in dispute. He said that the discussions had led to complete agreement on the draft communiqué and that there was substantial agreement on the *aide-mémoire*. He said that if Belgium expects to carry out the program she has set up for herself, it will be essential to raise additional funds. He said they regarded that the ore was being sold at a very cheap price and wanted to increase the export tax on it. In order to meet the one point of disagreement, Mr. van Zeeland and the Ambassador suggested that the *aide-mémoire* include a statement that the tax which the Belgian Government wanted was "not to exceed 175 francs per kilo." They suggested that it be understood that the actual amount of this tax would not be determined without consultation with the United States.

Mr. Acheson said that we considered the tax an internal matter and were sympathetic to the Belgians' needs for funds. He said that there was not complete agreement in the United States Government on certain technical matters but he expressed the belief that these could be solved. He suggested that further conversations be held with Ambassador Silvercruys in Washington. He said that he would ask Mr. Arneson to get in touch with the Ambassador.

As he was leaving, Mr. van Zeeland urged again that the Secretary not forget the necessity for Mr. van Zeeland's going to Parliament very soon and strongly urged that we come to agreement on this as

² October 3.

³ Reference is presumably to the conversation of September 21; see p. 577.

soon as possible. Mr. Acheson said he appreciated the need for speedy action.

L[UCIUS] D. B[ATTLE]

Mr. van Zeeland handed to Mr. Acheson the attached paper summarizing the reasons the Belgians feel an increase is necessary on the export duties on the ores.⁴

L[UCIUS] D. B[ATTLE]

⁴ Not printed.

Department of State Atomic Energy Files

Summary Log of Atomic Energy Work in the Office of the Under Secretary of State, May-September 1950

[Extracts]

TOP SECRET

[WASHINGTON, undated.]

I. INTERNATIONAL CONTROL OF ATOMIC ENERGY¹

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II. COMBINED POLICY COMMITTEE²

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III. RELATIONS WITH FOREIGN COUNTRIES

A. EUR

1. *United Kingdom*

State and Defense perceive no policy objection to approval of an export license application covering one and one-half tons of Kell-F (a special plastic) for use in the British low separation diffusion plant, subject to a finding by the AEC that there are no legal obstacles. The British made a special request for this material in order to proceed with the LSD, which will have the purpose of furnishing uranium enriched slightly in U-235 for charging their two Windscale reactors. Defense has expressed the view that the operation of the British LSD is a sound step from the standpoint of economical utilization of available uranium.

2. *Canada*

a. State and Defense have approved the Commission's acceptance of a Canadian offer to sell all plutonium in excess of Canada's research requirements. As an ancillary development, it was learned that the British had requested one kilogram of plutonium from the current

¹ For documentation on international control of atomic energy, see pp. 1 ff.

² The Combined Policy Committee did not meet during the period covered by this summary log. For the minutes of the meeting of the American members, September 7, see p. 572.

Canadian stocks in exchange for a suitable quantity of uranium. The United States Government has no objection to this proposed sale, since it is not considered as prejudicial to the bi-lateral arrangements with the Canadians.

b. The AEC, through direct negotiations with the Canadian National Research Council, completed understandings whereby the AEC will contract for the entire output of uranium ores of Canada during the next eight years, including up to 8,000 tons of U_3O_8 in this period.

c. Routine approval was given to the Canadian request for a shipment of uranium rods for the Chalk River pile covered by the allocation agreed to by the CPC in January 1948.

3. *Sweden*

a. The new American Ambassador to Sweden³ was given a thorough briefing regarding atomic energy problems in that country, including information regarding Swedish uranium deposits, the 1945 assurances, the Swedish atomic research program, the activities of Robinson⁴ during his tenure as Attaché at Stockholm, and export controls.

b. See Export Controls (IV)

4. *Norway*

(See Netherlands for account of projected Norwegian-Dutch collaboration in atomic energy research.)

5. *Portugal*

a. Unilateral British representations for removal of an exorbitant import duty on structural steel for the Urgeirica plant proved successful without the necessity of U.S. association as had been requested by the AEC members of the CDA.

b. Rumors persist that the atomic energy installations of other European countries, namely Sweden, France and Switzerland, have succeeded in securing small lots of uranium ores produced from mines in metropolitan Portugal other than those comprising the British (CDA) concessions. We have received no confirmation of these rumors.

c. We are awaiting the AEC's views regarding our proposal that all offerings of small lots of Portuguese ores outside of the CDA operations be handled through the Embassy, whether these offers originate in Portugal or from American citizens. We have suggested that the AEC merely acknowledge letters from American parties, stating that the matter will be investigated through the Embassy before any inquiries are made of Portuguese officials regarding the issuance of

³W. Walton Butterworth was appointed Ambassador to Sweden on July 5.

⁴Howard A. Robinson, a nuclear physicist, served as Attaché at the Embassy in Stockholm from December 1948 through December 1949.

licenses for export to the U.S. The United Kingdom Government feels strongly that undue interest on our part in small lots of Portuguese ores will have a deleterious effect on the operations of the CDA in Portugal. We are inclined to agree.

6. *Switzerland*

See Export Controls (IV)

7. *Belgium and the Congo*

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8. *Netherlands*

The Department was informed through this office by a leading Dutch nuclear physicist of a prospective agreement between Norway and the Netherlands for cooperation in the field of atomic energy research. Under the proposed plan, the Dutch would supply about 10 tons of uranium oxide which had been purchased before the war and concealed during the German occupation. These ores would be processed in Norway and the resulting refined uranium used to charge the Kjeller heavy water reactor now under construction near Oslo. The project would be supervised by a mixed commission of scientists from the two countries. This new alignment apparently side-tracks a Norwegian-Swedish alignment which has been impending for some time although the Netherlands spokesman indicated that scientists of other countries might eventually be invited to participate in the project.

9. *France*

See Export Controls (IV)

10. *Italy*

The Embassy at Rome has been advised that the AEC's interest in certain uranium deposits in Northern Italy is not strong enough to justify special investigation. However, if a field party is sent to do work in other parts of Europe, it may be desirable to have it also survey the Italian occurrences which are comparatively low grade but still of some interest.

11. *Germany*

a. Low grade uranium deposits in Bavaria have been called to the attention of HICOG by certain German engineers. AEC is interested in securing further information and representative samples, and HICOG has been requested to report whether a qualified person is available to make the required investigations.

b. See Export Controls (IV)

12. *USSR*

See Intelligence (VI)

B. ARA

1. *Brazil*

The Brazilian Congress adjourned temporarily for the election campaign without having acted on the three pending bills providing for an embargo on the export of monazite with varying provisos for Government sales. The Embassy has recommended that since it is doubtful whether a quorum will reconvene before the new Congress takes office in January, that the U.S. Government prepare to offer to buy reasonable quantities of monazite to confirm our interest in monazite which the Embassy has been emphasizing for the past two years.

The Department is supporting negotiations at Torquay⁵ for a possible reduction in the import duty on thorium and cerium products as requested by Brazil in view of the Embassy's feeling that this will further our efforts to obtain monazite from that country.

2. *Argentina*

a. The Argentine Government has issued regulations authorizing I.A.P.I.⁶ as the sole selling agency for beryl. Finalization of a sale of beryl to an AEC contractor has been delayed because I.A.P.I. has not been able to acquire any beryl under the low prices it has offered producers and holders of beryl.

b. A National Commission for Atomic Energy was established in June of this year.

3. *Chile*

The Department is awaiting receipt of the AEC staff report on the investigation of certain radioactive mineral areas in Chile conducted by a joint team of Chilean and American geologists in the spring of this year. It is intended that the report will be transmitted to the Chilean Government when available.

C. NEA

1. *Iran*

Samples furnished by the Iranian Government have been analyzed and show some radioactivity. Steps are being taken to acquire additional data regarding the deposits through the Embassy, but the Embassy will be cautioned to play down the matter with the Iranian Prime Minister in order to avoid undue excitement regarding the presence of uranium in Iran.

⁵ For documentation on tariff negotiations which opened in Torquay, England, on September 28, pursuant to the General Agreement on Tariffs and Trade, see pp. 692 ff.

⁶ Argentine Trade Promotion Institute.

2. *India*

a. At the request of the GOI, the United States Government has agreed to the deletion of paragraph 3 of the agreement on beryl.⁷ It is expected that the Indians will soon carry through with the commitments made in the agreement to ship 400 tons of beryl to the United States during the first year of the agreement.

b. Several approaches by private parties for the purchase of Indian monazite have been unsuccessful. GOI policy ostensibly still continues to prohibit the export of the raw material, and the Government is proceeding with its plans to process substantial quantities of monazite in India. The thorium recovered will be retained for atomic energy research and development. The rare earth products presumably will be sold in part through the French company, STR, to supply the needs of consuming countries, including the United States.

3. *Indonesia*

Our Ambassador has been requested at the earliest appropriate time to discuss informally at the highest level with the Indonesian Government the accession of that Government to the applicable provisions of the Netherlands monazite agreement of 1945.⁸ This is provided for in the Hague agreements consummated in December 1948.⁹

D. FE

1. *China*

See Export Controls (IV)

2. *Japan*

Nothing to report.

3. *Korea*

This office has learned that prior to the outbreak of hostilities in South Korea, the Russians were making active efforts to maximize production of monazite from North Korean sources. The significance of these activities with respect to the USSR atomic program is unknown.

⁷ The draft agreement of October 20, 1949, is described in telegram 244 from New Delhi, July 29, 1950, p. 567.

⁸ Reference is to the Secret Memorandum of Agreement between the Netherlands Government and the Governments of the United States and the United Kingdom, signed in London, August 4, 1945, not printed. For documentation on the negotiation of the agreement, see *Foreign Relations*, 1945, vol. II, pp. 9-36 *passim*.

⁹ Article 5 of the Netherlands-Indonesian Agreement on Transitional Measures which took effect with the transfer of sovereignty over Indonesia on December 27, 1949, provided that the United States of Indonesia assumed the rights and obligations specified in treaties and agreements which had been concluded by the Kingdom of the Netherlands where applicable to the jurisdiction of the United States of Indonesia. For documentation on the interest of the United States in nationalist opposition to the restoration of Netherlands rule in the East Indies, including material on The Hague negotiations, see *Foreign Relations*, 1948, vol. VI, pp. 57 ff.

IV. EXPORT CONTROLS

A. GERMANY

Mr. Donnell¹⁰ completed his survey of German manufacture and control of atomic energy items in August. His conclusions are that the Germans have made considerable progress in the manufacture of and use of nuclear research equipment including some highly specialized items and that a qualified person should be attached to the Military Security Board to keep tabs on German activities, particularly with a view to working out procedures to:

1. Prevent the shipment of items to the East which would be useful to the Soviet atomic program, and
2. To check on activities of German institutions in the field of atomic energy research and development.

B. FRANCE

The Embassy is being urged to emphasize to the French in discussions scheduled for October, the need for expeditious establishment of the executive controls over atomic energy items which had been foreshadowed since early this year.

C. SWITZERLAND

The Swiss continue to procrastinate on the matter of establishing controls over export and transshipment of atomic energy items. Prolonged discussions with certain Swiss officials have achieved little more than the agreement that those items manufactured in Switzerland should be incorporated in the arms embargo legislation. Although this would also take care of transshipments of these items, it would still leave loopholes for transshipment through Switzerland of the remaining items on the AEC lists. We are considering moving in concert with drastic procedures now being considered as necessary to force the Swiss to adopt controls over items on the Commerce 1A and 1B lists.¹¹

D. LIECHTENSTEIN

The American Consulate General at Zurich, acting under instructions from the Department, has interviewed the owner of a firm in Liechtenstein which has begun the manufacture of vacuum pumping equipment considered superior to any produced in Europe. The owner states that he will continue to permit the sale of pumps to all destinations except Russia when it is known the equipment will be used in the

¹⁰ Alton Donnell, former Chief of the Export Control Branch of the United States Atomic Energy Commission.

¹¹ The lists are identified in footnote 3, p. 563.

country of purchase. In view of the fact that the firm has orders from Czechoslovakia for three pumps, including one which may have an atomic energy connection, we are considering asking the Consulate General to obtain a broader commitment from the owner to extend the ban on shipments to all Soviet-dominated countries.

E. DENMARK

In view of the lack of a reply from the Danish Government to an approach made by our Embassy in the spring for establishment of suitable controls over atomic energy items, the Embassy has now been requested to press for an early reply.

F. SWEDEN

Perhaps the most important action taken in the export control field to date to impede the Soviet atomic energy program resulted from very satisfactory cooperation on the part of the Swedish Government after representations were made by our Embassy regarding shipment of specialized equipment required by Eastern German plants engaged in the manufacture of nickel wire mesh in quantity. (This material is known to be destined for the Soviet gaseous diffusion plant similar to our Oak Ridge operation.)

G. CHINA AND TAIWAN

Exports from the U.S. of atomic energy items to Communist China and Taiwan have been suspended.

H. UNITED KINGDOM

The United Kingdom has agreed to follow a policy similar to that of the United States in suspending shipments of thorium nitrate (except small quantities included in omnibus orders for chemicals) to China and Taiwan.

V. RELATIONS WITH THE ECONOMIC COOPERATION ADMINISTRATION

Nothing to report.

VI. INTELLIGENCE

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VII. MISCELLANEOUS

A. RADIOISOTOPES

The AEC has liberalized some of the requirements with which countries participating in its program for the international distribu-

tion of radioisotopes must comply. Thus progress reports need be submitted only once instead of twice a year, the publication of results obtained from the use of isotopes purchased under the program is no longer obligatory, and the undertaking to accept all qualified visiting scientists to laboratories where these isotopes are being used has been modified.

The Department has also noted the Commission's proposals (1) to increase the number of isotopes currently distributed under the program so as to include, *inter alia*, stable isotopes and minute quantities of heavy water suitable for non-military experimental purposes; (2) to perform special irradiation services on behalf of participating countries; and (3) to modify the conditions under which isotopes may be exported and used so as to include isotopes for industrial research and application. The Commission, however, has not yet taken final action with reference to these proposals.

B. OAK RIDGE INSTITUTE OF NUCLEAR STUDIES

Although applications have been received from a large number of foreign nationals to attend radioisotope courses at the Oak Ridge Institute of Nuclear Studies, the Commission states that no new courses are yet scheduled in which other than American citizens may participate.

[Here follows an Annex to the Summary Log, dealing with intelligence matters.]

845A.2546/10-250 : Telegram

The Acting Secretary of State to the Embassy in South Africa

TOP SECRET

WASHINGTON, October 2, 1950—6 p. m.

61. For the Ambassador¹ from Arneson. Urtel 96 Sept 27.² You will receive in following air pouch first person instruction signed by Sec,³ requesting that as soon as can be arranged after presentation of credentials you present orally to Prime Min or his deputy, official views of US Govt per following *aide-mémoire*, copy of which should be left with So Africans: ⁴

"I have been requested by the Secretary of State, in his capacity as Chairman of the Combined Policy Committee for the United States, the United Kingdom and Canada on atomic energy matters, to convey to you this message:

¹ Ambassador John G. Erhardt, appointed May 23, 1950.

² Telegram 96 from Pretoria, September 27, is not printed.

³ The first-person instruction, September 29, is not printed.

⁴ In telegram 119 from Pretoria, October 17, Ambassador Erhardt reported that he had delivered the *aide-mémoire* that day (845A.2546/10-1750).

'The Governments of the United States and of the United Kingdom have reviewed the prospective supply of uranium from South Africa in the light of the present grave international situation and the Government of the United Kingdom has stated it will associate itself with the following views of the Government of the United States.

'The Government of the United States considers that the production of uranium in quantity and in the shortest possible time has now acquired additional significance to all nations striving through the United Nations to preserve the peace of the world.

'The Government of the United States notes with appreciation the invitation from Dr. Donges⁵ for representatives of the Combined Development Agency to resume technical discussions regarding the purchase of uranium in Johannesburg after the middle of October. The South African Atomic Energy Board recently has been informed by the Combined Development Agency of the acceptance of this invitation. While the principles agreed on last year by the three governments for the conclusion of a contract for uranium procurement can be considered a starting point for the ensuing discussions, the representatives of the Combined Development Agency wish to explore with representatives of the Union of South Africa all practicable means of expediting uranium production in South Africa and it is proposed that the next discussions be held with this objective foremost.

'The Government of the United States has been informed that Dr. Donges will be in New York in October as a representative of the Union of South Africa to the General Assembly of the United Nations in New York City. It would be very helpful if during the course of his stay in the United States, Dr. Donges would find it convenient to come to Washington and would be prepared to clarify the request of the Union of South Africa for closer association with the Governments of the United States and of the United Kingdom in the field of atomic energy referred to in the note delivered by the Department of State to the Ambassador of the Union of South Africa on August 24, 1950.'

In connection UK concurrence in above, Dept is informed UK High Commissioner is being requested by his Govt support you in ur approach to So Africans and to consult with you to this end. [Arneson.]

WEBB

⁵ Dr. T. E. Donges, South African Minister of the Interior and Mines; former Chairman of the South African Atomic Energy Board.

Department of State Atomic Energy Files

Mr. F. W. Marten, First Secretary, British Embassy, to Mr. R. Gordon Arneson, Special Assistant to the Under Secretary of State (Webb)

TOP SECRET

WASHINGTON, October 18, 1950.

DEAR GORDON: I spoke to you yesterday on the subject of the South African request for "a special position".

2. I have now received from London further views on this subject. These can be summarised as follows:—

(a) There are some indications that what the South Africans want is to be "a member of the club", i.e. a member of the Combined Policy Committee on a par with Canada. In the British view we should make plain to the South Africans from the outset that there can be no question of their becoming members of the Combined Policy Committee and that Canadian membership of that body arises not from her position as a producer of uranium but from her wartime participation in the allied project for producing an atomic weapon and from the work being done at Chalk River.

(b) We feel, however, that South Africa as a producer of uranium would be entitled to a position on a par with Belgium, i.e. she should have the same special position as Belgium has under the Agreement of 1944 and under the current conversations regarding the implementation of the 1944 Agreement.

(c) In talking to the South Africans about "a special position" we should not, however, mention the Belgian Agreement or the Belgian negotiations, nor should we do anything to suggest that the concessions offered to them were equivalent to those accorded to the Belgians. Instead we should suggest that whatever we offered them in the way of a special position was merited by their position as a uranium producer. In point of fact what we offered them should correspond to what the Belgians have.

3. We understand that you may discuss the South African request for "a special position" when Dr. Donges visits Washington. In that case we believe it would be useful if a British representative could participate in the discussion.

4. We imagine that any discussion with Dr. Donges during his forthcoming visit to Washington will be largely exploratory. As regards further more formal negotiations regarding the South African "special position" we believe that the right forum would be Pretoria. The question is largely a political one for the South Africans and is being handled by their Ministry of External Affairs. We therefore believe that it could most suitably be discussed by the Union Ministry of External Affairs, the United States Ambassador, and the United Kingdom High Commissioner in South Africa.

5. I would be grateful for your views on this matter.

Yours ever,

TIM

955.7138/11-1750 : Telegram

The Ambassador in Belgium (Murphy) to the Secretary of State

TOP SECRET

BRUSSELS, November 17, 1950—7 p. m.

786. For Perkins. Your 624, November 13.¹ On my return from Congo² today I called on Van Zeeland and transmitted to him substance of your proposal regarding publication of joint communiqué December 1. He asked me inform you that:

1. He does not concur in proposal that joint communiqué be published December 1.

2. Your failure give him more specific encouragement re suggested increase of export tax is "unexpected and disappointing".

He said that this constitutes his preliminary comment and that he will give me written statement as soon as he has had opportunity discuss matter with Belgian Cabinet.

Van Zeeland had clearly in mind second verbal assurance given him on subject of suitable US contribution (penultimate paragraph Deptel 243, February 22, 1950). Van Zeeland made no effort conceal his dissatisfaction. He referred also to assignment of technical liaison officer to Belgian Embassy, Washington, and said that it was all very well and good that officer should be there at given day to receive information which could be declassified to all the world on following day. He failed see how this provided Belgium with square deal or could be said protect Belgian interests.

I have informed British Chargé of Van Zeeland's reaction and he will call on Van Zeeland tomorrow as instructed by London.

MURPHY

¹ Not printed.

² Murphy visited the Congo in November to evaluate defense conditions. He submitted his preliminary comments in telegram 916 from Brussels, December 8, 1950, not printed. While emphasizing the defensive value of the immense size and inaccessibility of the area, he recommended that "thorough-going steps should be taken to protect this important source [of] uranium and other minerals, especially cobalt. Present measures are definitely not adequate. It is believed that such measures can be taken at relatively small cost." (855A.2546/12-850)

Editorial Note

During his press conference of November 30, President Truman commented on the question of use of the atomic bomb in the Korean conflict. His remarks on the subject appear in footnote 1, page 115. For documentation on the issue of employment of nuclear weapons in the Korean War, see volume VII. See in particular the memorandum for the record by Ambassador at Large Philip C. Jessup, December 7, of the conversation that day between President Truman and Prime

Minister Attlee concerning use of the atomic bomb, and the annex thereto, volume VII, page 1435.

Editorial Note

On December 1 President Truman transmitted a special message to Congress requesting additional appropriations of \$16.8 billion for defense. The communication included the following: "I am also recommending a supplemental appropriation for the Atomic Energy Commission in the amount of \$1,050,000,000. These funds will enable the Commission to enlarge its production capacity substantially. The new facilities will provide larger capacity for the production of fissionable materials, and for the fabrication of such materials into atomic weapons. The fissionable materials thus produced can be utilized either in weapons or as fuels for power-producing atomic reactors. The program for building these additional facilities has been developed after thorough study over the last few months." For the full text of the President's message, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, pages 728-731.

By January 2, 1951, Congress had approved the funds requested. President Truman signed the Second Supplemental Appropriation Act, 1951, on January 6 (64 Stat. 1223).

Department of State Atomic Energy Files

*Mr. R. Gordon Arneson, Special Assistant to the Secretary of State,¹
to Mr. F. W. Marten, First Secretary, British Embassy*

TOP SECRET

[WASHINGTON,] December 4, 1950.

DEAR TIM: I have discussed with the Department of Defense and the Atomic Energy Commission the views of the United Kingdom Government as set forth in your letter of October 18 on the subject of a "special position" for South Africa. I am now in a position to give you the American views on the following: (1) the position that should be taken with Dr. Donges in the first instance, and (2) the position we should eventually arrive at with South Africa.

The Donges Visit to Washington

As you are aware we have suggested to Dr. Donges that on the occasion of a visit to Washington he might be prepared to discuss the

¹Effective November 13, Arneson, Special Assistant to the Under Secretary of State, became Special Assistant to the Secretary of State. He continued to function as Departmental adviser on atomic energy matters.

South African views on the subject of a "special position". We will, of course, welcome U.K. participation in the discussions which we feel should be limited to the following:

a. Provide an opportunity for Dr. Donges to express whatever views his Government may have on a "special position".

b. If he indicates that his Government has in mind membership in the CPC he should be informed of the genesis of the U.S.-U.K.-Canadian partnership which sprang fundamentally from wartime relationships having as its primary objective the production of an atomic weapon in the shortest possible time. As for the CDA, we would indicate that inasmuch as the Agency is concerned with the procurement of raw materials it would not be appropriate for South Africa, as a supplier, to be represented.

c. Against the day that the Belgian Government agrees to the issuance of the long pending joint communiqué, Dr. Donges should be informed in general terms of its content, particularly as regards the lines of assistance that we are now prepared to extend to the Belgians. Dr. Donges should be informed that similar lines of assistance can be worked out for South Africa and that the United States and the United Kingdom will be prepared to discuss the matter further in Washington with South African representatives at a mutually agreed upon date.

Eventual Arrangements with South Africa

As to the eventual arrangements we would be willing to make with South Africa, the United States is disposed to offer South Africa such technical assistance as is being, and in the future will be, accorded to Belgium. This does not involve a specific 9a commitment.

We prefer that further talks on a special position be held in Washington in order that technical experts of the Atomic Energy Commission would be available to discuss an assistance program for South Africa.

Sincerely yours,

R. GORDON ARNESON

845A.2546/12-850

*Memorandum of Conversation, by the Secretary of State*¹

[Extract]

SECRET

[WASHINGTON,] December 8, 1950.

Subject: Conversation with Dr. T. E. Donges, South African Minister of Interior

Participants: The Secretary

Dr. T. E. Donges, South African Minister of Interior

Mr. Jooste, the South African Ambassador

BNA—Mr. Shullaw

¹ Drafted by J. Harold Shullaw of the Office of British Commonwealth and Northern European Affairs.

Dr. Donges, the South African Minister of Interior, accompanied by Ambassador Jooste called on me today. Dr. Donges began the conversation by referring to the recently concluded contract negotiations between representatives of the United States, The United Kingdom and South Africa on uranium procurement.² He said that during these negotiations South Africa had purposely refrained from introducing the question of a special position for South Africa in the atomic energy field. He said that he would not go into details but that briefly South Africa was seeking not necessarily "membership in the club" but perhaps an "associate membership". Dr. Donges added that he had had a conversation on this subject with Mr. Perkins and would be seeing Mr. Gordon Dean before leaving Washington. It was his hope that the Atomic Energy Commission would be able to indicate what the United States could offer South Africa and that discussions could then proceed from this point. I expressed our gratification that the contract negotiations had been successfully concluded and said that I was certain something could be worked out on the problem mentioned by Dr. Donges.

[Here follows discussion of various issues before the United Nations which involved South Africa.]

² On November 23 a memorandum containing Heads of Agreement was signed in Johannesburg by representatives of the Combined Development Agency and the South African Atomic Energy Board. The memorandum, which dealt with contractual arrangements, is not printed. (Department of State Atomic Energy Files)

Department of State Atomic Energy Files

Memorandum by Mr. R. Gordon Arneson to the Secretary of State

TOP SECRET

[WASHINGTON,] December 14, 1950.

Subject: Belgian Atomic Energy Negotiations

While you are in Brussels,¹ the Belgian Foreign Minister, Mr. Van Zeeland, may very well bring up the subject of the American-Belgian-British atomic energy discussions. At this stage of the negotiations, we feel it is up to the Belgians to make the next move. Therefore, it should not be necessary for you to take any affirmative step other than to listen sympathetically or perhaps clarify our present thinking on one or two points.

Background

The following summarizes the background and present status of these negotiations:

¹ Secretary Acheson attended the Sixth Session of the North Atlantic Council, Brussels, December 18-19.

1. Last Spring, Anglo-American-Belgian agreement was reached on a Joint Communiqué and Annex, setting forth the substance of the Uranium Agreement of 1944, and outlining the technical assistance the United States and the United Kingdom were prepared to give, Belgium in keeping with Section 9a of the Agreement. Due to the royal question in Belgium, however, discussions were suspended on certain unresolved subsidiary points, including that of a suitable financial contribution, agreement on which Mr. Van Zeeland had conditioned the release of the Joint Communiqué.

2. At the end of September, Mr. Van Zeeland informed you that the Belgian Government was now agreeable to reaching a settlement of American-Belgian-British atomic relations on the basis of the Joint Communiqué, which it was proposed should be released following the receipt of American-British reaction to :

(a) An increase in the Congo uranium export tax of no more than 175 francs per kilo (roughly \$1.75 per lb.), the proceeds from which would be devoted to the support of a Belgian atomic energy program and such related industrial developments as were considered advisable.

(b) Construction by the Belgian Government of a plant in the Congo to reduce uranium ores to a stage no further than green salts.

3. We replied to the Belgians that :

(a) We could not give a sensible opinion on the export tax in the absence of a more detailed description of the Belgian atomic energy program, although on the face of it, the tax seemed excessive.

(b) Furthermore, the determination of a reasonable tax appeared dependent upon a more detailed examination into the technical and economic feasibility of the proposed Congo reduction plant.

We, therefore, proposed that Belgian atomic energy liaison officers (provided for in the Joint Communiqué) be sent immediately to London and Washington for further consultation on these points as well as to facilitate Belgian access to CPC technical data (also provided for in the Joint Communiqué) about to be declassified regarding certain American-British-Canadian research reactors.

4. In October, Mr. Sengier of Union Minière came to Washington to discuss with the CDA means of speeding up an increase in Union Minière's uranium production. As a result of these talks, a price increase of 50¢ was granted Union Minière to offset the added cost of working the mines at a higher but less economic pace of operations to assure the desired increase in production. It was assumed that the Belgian Government would be informed by Union Minière of this price adjustment, inasmuch as the Belgian Ambassador here stated that Mr. Sengier had advised him of the increase.

5. In the middle of November, we proposed to Mr. Van Zeeland that the Joint Communiqué, on the contents of which there is full agreement, be released on December 1, even though agreement had not been reached on Points (a) and (b) under 2 above. Our thinking was that since an understanding on these points might take some time to achieve, Mr. Van Zeeland would at least be able to respond to parliamentary pressure for information re the Congo uranium situation, and, secondly, that the CPC research reactor declassification announcement of November 24² provided a logical development with which to identify the release of the Communiqué.

6. Mr. Van Zeeland turned down this proposal rather brusquely. He did, however, send Professor M. deHemptinne to Washington and Professor Ledrus to London as liaison officers.

7. More recently we have been informed that Mr. Pierre Ryckmans is being appointed head of a proposed Belgian Atomic Energy Commission.

8. Mr. Van Zeeland also recently expressed shock to Ambassador Murphy that an increase in price had been granted to Union Minière without prior coordination with the Belgian Government. In reply to this surprising remark, Ambassador Murphy stated that he was unable to understand the Foreign Minister's cause for surprise, since the world price of all metals has increased and Union Minière is faced with financing increased production, which is expensive. (As indicated under 4 above, the real reason for the price increase was based on this latter factor.) The Ambassador pointed out that the CDA was thus in a position to justify a price increase for uranium, whereas an increase of the uranium export tax without supporting figures justifying such an increase, was another matter.

9. Mr. Van Zeeland replied that he feared unfavorable political repercussions if an increase for Union Minière and not for the Government became known. However, he would attempt to hold the line until Mr. Ryckmans was installed as head of a Belgian Atomic Energy Commission and could develop a program which would provide a breakdown of supporting figures of atomic energy expenses.

10. The Belgian liaison officer, Professor deHemptinne, has stated that, pending the official appointment of Mr. Ryckmans, he had no official views to express on the export tax or the Congo plant. He has,

² On November 24, the U.S. Atomic Energy Commission released a statement indicating that the Governments of the United States, the United Kingdom, and Canada had adopted a revised declassification guide which permitted the publication of certain information necessary to the design, construction, and operation of specified low-power nuclear reactors used for research purposes. For text of the press release, see Department of State *Bulletin*, December 25, 1950, p. 1020.

however, received advice and newly declassified data from the AEC concerning three possible types of research reactors around which the Belgians may wish to build their atomic energy program. The Commission advised Professor deHemptinne that it would give sympathetic consideration to making available to the Belgians at an appropriate time the materials needed for a reactor, e.g., purified uranium, enriched uranium, graphite or heavy water, depending upon which type of reactor the Belgians might choose to build. We consider that such an offer would involve assistance of genuine value to the Belgians. For his part, deHemptinne appears well satisfied with the results of his visit here. He is returning to Brussels on December 16.

Recommendations

1. That you do not broach the subject of uranium with Mr. Van Zeeland. If, however, the latter raises the question, you inform him that the United States and the United Kingdom are agreeable to the release of the Joint Communiqué whenever the Belgians concur. We would also be happy to have further consultations on the subject of the export tax and the Congo reduction plant at any time the Belgians name.

2. If Mr. Van Zeeland should complain again about the price rise granted Union Minière, it is suggested that you emphasize: (a) the fact that this rise is to cover the additional expenses Union Minière must bear in meeting the stepped up uranium production schedule we feel is called for in view of the gravity of the international situation, (b) that the American Government has had no reason to believe that the Belgian Government was not being kept informed by Mr. Sengier of the CDA-Union Minière price developments, and (c) with reference to the proposed export tax, it has always been your understanding that the Belgian Government has desired that consideration of this question should not disturb in any way the existing contractual relations between Union Minière and the CDA.³

Mr. Perkins, who is familiar with the course of these negotiations through his participation in them, concurs with the above recommendations and will be available to advise you on any additional points that may arise. A copy of this memorandum is being furnished Mr. Perkins and Ambassador Murphy in Brussels.

R. GORDON ARNESON

³ In telegram 1028, December 21, Murphy reported that Foreign Minister Van Zeeland did not raise the question of uranium during the Secretary's visit (855A.2546/12-2150).

400.118/12-2350 : Circular airgram

*The Secretary of State to Certain Diplomatic Missions*¹

SECRET

WASHINGTON, December 23, 1950—8:15 a. m.

Reference is made to Dept's circular airgrams Mar 10, 1950, 9:45 a. m.² and Aug 16, 1948, 12:50 p. m.³ re establishment of export controls over atomic energy items.

The increasingly critical international situation arising from the Korean war makes it imperative that all practicable measures be taken to ensure against diversion to Soviet-dominated countries of materials and equipment which would contribute to the Soviet military potential. The President's announcement of Sept 1949⁴ re an atomic explosion in the USSR emphasizes the particular significance of items having direct or indirect relation to atomic energy development.

Experience over the last two years has indicated that control of only those items being manufactured or exported from a country is not adequate to achieve the objective of complete denial of all items on AEC lists to the Soviets. Many cases have come to light of transshipment of materials through Western European countries to the USSR or its satellites which might have been prevented had adequate transshipment inspection and licensing been in practice on the countries concerned. At this time several countries have instituted broad controls over all AEC items under procedures similar to those in effect in US. Among the countries which have taken this step are UK and Canada. The French Govt is expected shortly to publish the items on AEC lists for control purposes. Attempts are now being made to induce the Swiss Govt to apply broad controls over all AEC items, including provisions for screening shipments through Swiss free ports. In view of the lack of transshipment controls, AEC has been forced to a policy of withholding action on export license applications covering items on AEC Lists A and B destined for Switzerland until Swiss Govt takes satisfactory action in this respect.

Dept and AEC staff are of the view that all Govts having significant trade in items on AEC lists should now broaden the scope of their controls in order to achieve consistent practices in all friendly countries at the level now established by US, UK and Canadian controls. In order to evaluate the present status and required further action, Dept requests each of the Missions listed for action at the close

¹ Sent for action to: Brussels, The Hague, Stockholm, Oslo, Rome, Copenhagen, Bern, Paris, Vienna, Trieste; for information to: London, Frankfurt, Berlin, Luxembourg, Moscow, Warsaw, Prague, Budapest, Bucharest, Helsinki.

² Not printed.

³ For text, see *Foreign Relations*, 1948, vol. I, Part 2, p. 739.

⁴ For text, see Department of State *Bulletin*, October 3, 1949, p. 487.

of this airgram to review the current status of export controls pertinent to AEC items in the country to which accredited and to evaluate the prospects of achieving the objective of full controls. In the preparation of the requested report, it would be desirable to include answers to the following questions:

1. How is screening of Lists A and B items accomplished?
2. Are procedures adequate to cover items in transit through the country?
3. What sort of border customs inspections are being applied?
4. Have items been publicized for control purposes?
5. What penalties are applicable to violators of regulations if such are in effect?

It may be desirable to consult informally with representatives of the Govts to which the respective Missions are accredited in order to ascertain the probable attitude toward the Govt to tighter controls and in particular over transshipment of AEC items through the country. It is suggested, however, that the Missions not make a formal approach regarding the transshipment phase until the receipt of further instructions from Dept, after the requested reports have been received and evaluated.

A separate airgram is being sent to other American diplomatic posts which have not heretofore been informed of the control program for AEC items but where transshipment of goods could possibly occur, as the normal avenues to Soviet countries are closed by institution of tighter controls. These posts are being requested to evaluate the possibilities of securing the cooperation of the respective governments to which accredited in the institution of appropriate controls to meet the situation in each case.

ACHESON

UNITED STATES POLICY REGARDING HEMISPHERE DEFENSE, 1949-1950; PROVISION OF ARMAMENTS AND MILITARY ASSISTANCE TO THE AMERICAN REPUBLICS, AND THEIR PARTICIPATION IN THE KOREAN CONFLICT ¹

810.24/6-1049

The Secretary of Defense (Johnson) to the Secretary of State

TOP SECRET

WASHINGTON, June 10, 1949.

DEAR MR. SECRETARY: Reference is made to Department of State memoranda concerning the provision of military equipment to the Governments of Haiti and Nicaragua, dated 28 April 1949 and about 4 May 1949, respectively.² The Department of the Army is not able, at the present time, to provide this assistance.

In a memorandum dated 28 June 1948,³ the Department of the Army informed the Department of State that it was no longer in a position to fulfill requests of Latin American countries for United States military equipment. Since that time a number of such requests have been received and the Department of the Army has explored every possible means of continuing military assistance to the other American Republics. Although some statutory authority exists for the transfer of U.S. military equipment to certain foreign nations, the statutes are either so limited in application or circumscribed with restrictions as to render them useless in fulfilling normal requests for military assistance under existing conditions. Transfer of equipment excess to the needs of the Army to Latin America under such statutes as are now available, would deplete existing stocks of material to be used in satisfaction of higher priority requirements of the pending Military Assistance Program.⁴ It is considered that the Department of the Army has provided military assistance to the other American Republics to the limit of its available means under present conditions.

¹ For previous documentation, see *Foreign Relations*, 1948, vol. ix, pp. 207 ff. For documentation on the overall United States military assistance program and on United States policy regarding the acquisition of foreign military base rights, see pp. 126 ff.

² Neither printed.

³ Not printed.

⁴ The Military Assistance Program was provided for in the Mutual Defense Assistance Act of 1949, approved October 6, 1949 (63 Stat. 714).

In another memorandum dated 19 July 1948,⁵ the Department of the Army informed the Department of State that it would attempt to assist the Latin American countries by permitting them to participate in Army procurement programs from commercial sources. It has been found however that obstacles, similar to those described above, prevent the establishment of such a program. The quantities of equipment desired by Latin American countries are usually so small as to make it impractical for a Latin American government to place contracts for the manufacture of this equipment direct with commercial concerns in the United States. While it is possible that representatives of these Governments can find civilian type equipment in existing commercial stocks as a substitute for some of the items requested, the Department of the Army is unable to advise on this matter other than to supply the names of the recognized manufacturers.

The Department of the Air Force is confronted with the same problems as the Department of the Army in resolving this difficulty. Due to certain provisions of The American Republics Act (22 U.S. Code 521-527) applying to naval vessels, the Department of the Navy may continue to provide limited assistance to these countries.

Favorable action by the Congress on the proposed Foreign Military Assistance legislation will provide a more satisfactory legal basis for a new Latin American assistance program, although it is anticipated that financial and priority considerations will severely limit such aid. Pending enactment of the law and an expression from the Department of State as to the extent and mode of participation to be accorded the Latin American countries thereunder, it is believed that no useful purpose can be served by further referral of such requests to the Department of the Army or Department of the Air Force.

The above problems have been discussed informally in the Foreign Assistance Correlation Committee and it is suggested that any further matters relating to the provision of military assistance and requiring inter-agency coordination be channeled through the Foreign Assistance Correlation Committee.⁶

Sincerely yours,

LOUIS JOHNSON

⁵ Not printed.

⁶ Tables listing sales and transfer of military equipment to foreign countries including those in the Western Hemisphere which were transmitted to Representative John Davis Lodge under date of August 8, 1949 and which covered the period since V-J Day are printed in the Department of State *Bulletin*, September 26, 1949, pp. 480-481.

S/S-NSC Files : Lot 63D351 : NSC 56 Series

*Memorandum by the Executive Secretary (Souers) to the National Security Council*TOP SECRET
NSC 56

[WASHINGTON,] August 31, 1949.

U.S. POLICY CONCERNING MILITARY COLLABORATION UNDER THE
INTER-AMERICAN TREATY OF RECIPROCAL ASSISTANCE

The enclosed memorandum and attachments by the Secretary of Defense on the subject are circulated herewith for the information of the National Security Council and, as proposed by the Secretary of Defense, are referred to the NSC Staff for use in the preparation of a report for Council consideration.

SIDNEY W. SOUERS

[Annex 1]

Memorandum by the Secretary of Defense (Johnson) to the Executive Secretary of the National Security Council (Souers)

TOP SECRET

WASHINGTON, August 30, 1949.

For several important reasons I believe that it is timely to re-examine and state clearly and precisely U.S. policy with respect to military collaboration with the other American nations. The last statement of national policy on this subject (SWNCC 4/10¹) was promulgated in 1945 before the ratification of the Inter-American Treaty of Reciprocal Assistance.² The President's Inaugural Address of 20 January 1949³ was specific and emphatic in support of military implementation of regional defense arrangements in which the U.S. participates.

From the point of view of the Department of Defense the uninterrupted delivery of strategic raw material from Latin America to the United States is vital to any major U.S. war effort. Moreover, unless the other American republics are enabled to assume their military responsibilities under the Treaty their capacity to support our war potential by providing raw materials will diminish, and it will be necessary to divert U.S. military forces to defend our partners because of their inability to defend themselves.

¹ Text in *Foreign Relations*, 1945, vol. ix, p. 251.

² Text in Department of State Treaties and Other International Acts Series (TIAS) No. 1838, and 62 Stat. (pt. 2) 1681.

³ Text in Department of State *Bulletin*, January 30, 1949, p. 123.

Apart from these considerations which make such a review of our policy timely, I desire to direct the Chairman of the U.S. Delegation, Inter-American Defense Board to undertake, through that Board, the preparation of combined studies for the defense of the Hemisphere. For this purpose the general principles of the military aspects of implementation of the Treaty should be considered.

Accordingly, I propose that the National Security Council recommend a statement of United States Policy with respect to the military aspects of the implementation of the Inter-American Treaty of Reciprocal Assistance. Such a policy may well concern the National Advisory Council insofar as economic and financial matters are concerned. To this end, I enclose a draft of the proposed policy statement, prepared in the Department of Defense, for consideration of the Staff of the National Security Council in formulating its recommendations to the Council.

Pending National Security Council action on this proposal, the Chairman, U.S. Delegation, Inter-American Defense Board, has been provided with an interim directive by the Joint Chiefs of Staff. A copy of this directive is enclosed for the information and use of your staff.

LOUIS JOHNSON

[Annex 2]

DRAFT REPORT BY THE NATIONAL SECURITY COUNCIL ON THE POSITION
OF THE UNITED STATES WITH RESPECT TO THE MILITARY ASPECTS OF
THE IMPLEMENTATION OF THE INTER-AMERICAN TREATY OF RECIPROCAL ASSISTANCE

THE PROBLEM

1. To assess and appraise the position of the United States with respect to the military aspects of the implementation of the Inter-American Treaty of Reciprocal Assistance, with particular reference to continued military cooperation among the American States.

ANALYSIS

2. During World War II the United States was forced to divert considerable resources of manpower and materiel for the defense and operation of Western Hemisphere installations and lines of communication vital to its total war effort. . . .

3. [Here follow references to (a) efforts by the United States to bring about regional collaboration in hemisphere defense, and (b) measures undertaken in response to SWNNC 4/10, the text of which is printed in *Foreign Relations*, 1945, volume IX, pages 251-254.]

4. In implementing the President's directive, the War and Navy Departments, in 1945, conducted bilateral staff conversations with other American governments, and determined the optimum strengths of the Latin American armed forces and the requirements of armament to support these strengths. For want of appropriate legislation, however, only a token percentage of the armament requirements has been provided to date in addition to that furnished under Lend Lease. Further, this lack of legislation has placed the Latin American military establishments in the intolerable position of being unable to obtain the spare parts and ammunition necessary for the maintenance of those armaments already acquired.

5. Those portions of the President's directive dealing with the establishment of military missions, the training of foreign nationals in U.S. institutions and with combined joint staff planning have been or are being implemented to a satisfactory degree. Their continuance, however, is contingent upon the provision, by the United States, of the armaments required by the Latin American nations for the maintenance of armed forces in being. Unless the entire program is dynamic, the Latin American nations may be expected to withdraw their support of those portions which are being consummated.

6. The Latin American nations are aware of the existence of this standardization program and have eagerly awaited its implementation since 1945. In general, they have resisted the offers of European arms merchants and have considered themselves bound by the the Inter-American treaties and by the bilateral staff conversations to the principles contained in the President's directive.

7. Meanwhile, however, events have overtaken the program proposed by the President, and budgetary limitations dictated by the overshadowing requirements of North Atlantic Alliance have relegated the Latin American arms program to a quiescent status incompatible with the long range objectives of United States policy.

8. In global war, the basic undertakings required to achieve the objectives of the United States include:

Insuring the integrity of the Western Hemisphere and promoting and developing its war-making capacity;

In conjunction with the Allies, securing such bases as are essential for the projection of offensive operations;

Initiating development of the offensive power of the armed forces for such operations as may be necessary for achievement of the national war objectives;

Supporting the war effort of our allies by the provision of all feasible military assistance.

9. To sacrifice to the exigencies of the moment the gains secured in the field of Latin American military collaboration is to hamper the

achievement of the foregoing undertakings. Further, such sacrifice would tend to nullify the Inter-American Treaty of Reciprocal Assistance which will provide to the United States few of the advantages which it envisages unless its military aspects are implemented prior to the outbreak of a major emergency.

10. During 1948-1949 the Latin American nations demonstrated, in Colombia⁴ and in Bolivia,⁵ their inability to maintain internal order. Were the Bolivian uprisings repeated in time of emergency, the consequent interruption of tin production could result in grave consequences to the United States.

11. The Latin American forces required for the preservation of internal order are generally of types adaptable to police duty. . . .

12. In the absence of an offer of U.S. arms, the Latin American nations may be unable to resist opportunities to purchase obsolescent armaments of European manufacture that may become available in currencies other than U.S. dollars. Past experience has shown that armament sales by European nations are usually contingent upon acceptance of training missions by the recipients. A foreseeable result, in the discontinuance of U.S. missions, would begin the deterioration of standardized military collaboration to an extent paralleling the situation prior to World War II, and might again require the diversion of sizable forces to secure the strategic raw materials essential to our war effort. Further, the cost of reestablishing Latin American military cooperation would far exceed that required for the conservation of the gains achieved to date.

CONCLUSIONS

13. In global war, the security of the Western Hemisphere (including Latin America) and access by us to the resources of the Hemisphere would be essential to any transoceanic projection of major United States offensive power.

14. The Latin American nations must be ready and able to assume their military obligations under the Inter-American Treaty of Reciprocal Assistance in order to insure the uninterrupted delivery of raw materials upon which any major U.S. war effort will depend, and in order to minimize U.S. military manpower requirements in Latin America under emergency conditions.

15. The United States has an implied moral commitment to conclude, without delay, those military agreements necessary for the implementation of the Inter-American Treaty of Reciprocal Assist-

⁴ See the documentation on the Ninth International Conference of American States held at Bogotá, Colombia, in *Foreign Relations*, 1948, vol. ix, pp. 1 ff.

⁵ For documentation on Bolivia, see vol. ii, pp. 744 ff.

ance in order that they may serve as a basis for the collective defense of the Hemisphere and make the treaty effective in time of war.

16. To the ends of conserving those gains achieved in the field of military collaboration, and of furthering the Western Hemisphere Defense Program, it devolves upon the United States to find ways and means to enable Latin American governments to procure arms to the extent necessary to insure their continued interest and cooperation. As an immediate objective, this should include authorization for the provision, on a reimbursement basis, of armaments, spare parts, and ammunition necessary to prevent the deterioration of existing Latin American armed forces and to provide modest augmentation of armaments as justified for the maintenance of internal security. As a long range objective, it should include consideration of Latin America in future Military Assistance Programs, at least to an extent sufficient to indicate the continued interest of the United States in the Organization of American States as a regional defense arrangement.

17. [Here follows a reference to a proposed scheme for defense of the Western Hemisphere.] This scheme, without committing the American States to the provision of armaments or forces, should develop the strategic concept for defense of the Hemisphere as a step toward subsequently determining the extent and means of contribution to that defense by each of the member nations.

[Annex 3]

DRAFT MEMORANDUM FOR THE SENIOR DELEGATE, UNITED STATES
DELEGATION, INTER-AMERICAN DEFENSE BOARD

1. In consonance with the desires of the Secretary of Defense toward integrating all elements of the global strategy of the National Military Establishment, the guidance contained herein is designed to effect the development of a Western Hemisphere defense scheme under the Inter-American Treaty of Reciprocal Assistance analagous to and parallel with that being undertaken in connection with the North Atlantic Security Pact.⁶ The U.S. Delegation to the Inter-American Defense Board (IADB) is the U.S. link for completing the western segment of the chain of countries outside the Iron Curtain.

2. A Western Hemisphere defense scheme is required which may be agreed upon in principle by the other American States to serve politically as the basis for:

⁶ For documentation on the North Atlantic Treaty, see vol. III, pp. 1 ff.

a. A multilateral agreement among the American States which will list the broad measures of military cooperation required for the defense of the Western Hemisphere.

b. Subsequent bilateral agreements among those governments which will be required to produce operational commitments.

3. The Western Hemisphere defense scheme to be proposed for acceptance by the Organization of American States should include:

a. A strategic concept of the defense of the American States, both intra- and extra-continental, but within the Treaty of Reciprocal Assistance.

b. A statement of the strategic military objectives of the American States designed to achieve the maximum of Western Hemisphere co-operative strength under the Inter-American Treaty of Reciprocal Assistance, 1947, for the accomplishment of that concept.

c. A statement of strategic military requirements of the collaborating American States for accomplishing their objectives.

4. In order that the Latin American countries may feel that they have been considered an integral factor in hemispherical defense, the military agreements under the Inter-American Treaty of Reciprocal Assistance should be considered contemporaneously with those of the North Atlantic Security Pact. The U.S. Delegation to the IADB should devote its primary effort toward stimulating, within the IADB, the development of this Western Hemisphere defense scheme for ultimate acceptance by the Organization of American States. When so accepted, it will become fundamental in the U.S. hemisphere defense plan and will provide the basis for U.S. bilateral agreements with the other American States. In exerting this effort, the U.S. Delegation will adhere to the precepts set forth in subsequent instruction and to such additional guidance as may be requested or required.

5. The political framework for U.S. participation in the Inter-American Defense Board is contained in the Inter-American Treaty of Reciprocal Assistance, in the charter of the Organization of American States,⁷ and the Senate Resolution 239.⁸

6. The principal strategic military objectives of the U.S. in Latin America are:

a. The continued and increasing production and delivery of essential strategic raw materials.

b. The maintenance within each nation of political stability and of internal security to insure protection of the installations upon which the production and delivery of strategic materials depend.

c. The mutual cooperation of all the Latin American Nations in support of the United States.

⁷ The text is printed as TIAS No. 2361 in *United States Treaties and Other International Agreements* (UST), vol. 2 (pt. 2), p. 2394.

⁸ Text in *A Decade of American Foreign Policy: Basic Documents, 1941-49* (Senate Document No. 123, 81st Congress, 1st Session), p. 197.

- d.* The protection of vital lines of communication.
- e.* The provision, development, operation and protection by Latin American nations of those bases that may be required for use of the United States and for the protection of lines of communication.
- f.* The coordinated protection by member nations of their own national areas from invasion and from raids.
- g.* The provision by Latin American nations of those armed forces necessary for the accomplishment of the foregoing.
- h.* The provision by Latin American nations, for the support of the United States in other theaters, of those forces beyond their requirements for the accomplishment of the foregoing.

7. No U.S. strategic concept need be or should be disclosed but rather the position taken that the United States, while having under consideration various alternative lines of action in the event of war, has fixed on no rigid course with respect to Latin America and would welcome suggestions looking toward the evolution of a strategic Western Hemisphere concept on the basis of which common action might be undertaken.

8. The Latin American representatives to the IADB evidently desire to plan for the collective defense of the Western Hemisphere. This desire, properly channeled and given reasonable time in which to develop capabilities, could have the greatest benefits in assisting the United States in her many defense responsibilities in the Western Hemisphere and in adding to the total armed strength available for use in other theaters. In the event a major war of aggression occurs, no steps taken to encourage military cooperation in the Western Hemisphere will have been wasted.

9. Every effort should be made to encourage the development and acceptance by the Latin American representatives of:

- a.* A short-term concept envisaging minimum deployment of U.S. forces to the Caribbean and to Central and South America.

- b.* A long-term strategic concept envisaging the Latin American nations becoming capable of contributing, for use in other theaters, forces beyond their requirements for local defense and protection of LOC's.

10. Every effort should be made from the outset to contain demands on the U.S. for material military assistance within manageable limits.

11. The U.S. delegation will indicate no acquiescence in:

- a.* Any military plan which might jeopardize or even unduly influence global strategy in favor of either direct military assistance or distribution of equipment solely for the achievement of political objectives.

- b.* Any arrangement for the Inter-American Defense Board's command participation in Western Hemisphere strategy.

12. The United States will be prepared to consider estimates of what supplementary assistance from the United States might be furnished only after it has been demonstrated that the performance of agreed tasks by any member nation is beyond its capabilities. In this connection, the United States would expect reciprocal assistance from the Latin American nations to the greatest extent practicable. Appropriation of funds by the United States Congress will be necessary to provide significant amounts of military equipment, but it cannot be expected that the Joint Chiefs of Staff would support such legislation unless the foregoing condition has been met.

13. It should be made clear to the Latin American representatives that the reciprocal assistance we would expect from them will include as a minimum, base and transit rights and assurance of the security and protection of vital installations upon which the production and delivery of strategic materials depend.

14. The Western Hemisphere defense scheme can be developed only in broad terms for acceptance in principle by the Organization of American States.

PPS Files : Lot 64D563 : PPS 63 Series

*Paper Prepared by the Policy Planning Staff*¹

TOP SECRET
PPS 63

[WASHINGTON,] September 20, 1949.

COMMENT ON NSC/56, AUGUST 31, 1949, "U.S. POLICY CONCERNING MILITARY COLLABORATION UNDER THE INTER-AMERICAN TREATY OF RECIPROCAL ASSISTANCE"

The problem is stated: "To assess and appraise the position of the United States with respect to the military aspects of the implementation of the Inter-American Treaty of Reciprocal Assistance, with particular reference to continued military cooperation among the American states".

There are three major considerations included in the comment on the NSC paper: (1) the Organization of American States and the nature of the Rio Treaty, (2) the background during the past few years of inter-American military cooperation, and (3) the type of Latin American military establishments best fitted to meet the needs

¹ This paper was transmitted on September 20 by the Director of the Policy Planning Staff (Kennan) to the Department of State Representative on the NSC Staff (Bishop) with the suggestion that the views of the Policy Planning Staff be cleared with ARA and then submitted to the NSC Staff for use in the preparation of the report to be made for NSC consideration.

NSC 56 underwent subsequent revisions before its approval on May 19, 1950, as NSC 56/2 by President Truman.

of hemisphere defense and the security interests of the United States. While reference is made to certain specific paragraphs in the NSC paper, the comment applies generally to the paper as a whole.

THE ORGANIZATION OF AMERICAN STATES AND THE NATURE OF THE
RIO TREATY

1. Reference is made in paragraph 16 of the NSC paper to the interest of the United States in the Organization of American States "as a regional defense arrangement".

The Organization of American States is much more than this. The inter-American system has been in process of evolution for many decades. The Charter of the Organization of American States, which was signed at the Bogotá Conference in 1948, states in Article 1:

"The American States establish by this Charter the international Organization that they have developed to achieve an order of peace and justice, to promote their solidarity, to strengthen their collaboration, and to defend their sovereignty, their territorial integrity and their independence. Within the United Nations, the Organization of American States is a regional agency."

The essential purposes of the OAS, as set forth in its Charter, are: (a) to strengthen the peace and security of the continent; (b) to prevent possible causes of difficulties and to ensure the pacific settlement of disputes that may arise among the Member States; (c) to provide for common action on the part of those States in the event of aggression; (d) to seek the solution of political, juridical and economic problems that may arise among them; and (e) to promote, by co-operative action, their economic, social and cultural development.

Among the principles reaffirmed by the American States are that the solidarity of the American States and the high aims which are sought through it require the political organization of those States on the basis of the effective exercise of representative democracy; that the American States condemn war[s] of aggression: victory does not give rights; that an act of aggression against one American state is an act of aggression against all of the other American States; that controversies of an international character arising between two or more American States shall be settled by peaceful procedures; that social justice and social security are bases of lasting peace; and that economic cooperation is essential to the common welfare and prosperity of the peoples of the continent.

2. Paragraph 9 of the NSC paper states that the sacrifice of gains secured in the field of Latin American military collaboration "would tend to nullify the inter-American Treaty of Reciprocal Assistance".

Paragraph 14 states: "The Latin American nations must be ready and able to assume their military obligations under the Inter-American Treaty of Reciprocal Assistance in order to ensure the uninterrupted

delivery of raw materials upon which any major United States war effort will depend, and in order to minimize U.S. military manpower requirements in Latin America under emergency conditions."

Paragraph 15 states that the United States has an implied moral commitment to conclude, without delay, those military agreements "necessary for the implementation of the Inter-American Treaty of Reciprocal Assistance".

Hemisphere defense has been a matter of interest to and cooperation among the American nations for many years. Inter-American pre-occupation with the matter did not commence during the last war. For example, the subject is dealt with in the Convention for the Maintenance, Preservation and Reestablishment of Peace, signed at the Inter-American Conference for the Maintenance of Peace at Buenos Aires in 1936;² in the Declaration of Lima, signed at the Eighth International Conference of American States in 1938;³ and in the Declaration of Reciprocal Assistance and Cooperation for the Defense of the Nations of the Americas, signed at Habana in 1940.⁴

The bases of the Rio Treaty, according to the Report on the Results of the Rio Conference, submitted to the Governing Board of the Pan American Union by the Director General,⁵ are: (a) recognition of the right of collective self-defense, in the United Nations Charter,⁶ and (b) obligation of solidarity in the face of aggression, established in the Declarations of Habana and Chapultepec.

None of this would confirm the implications of the paragraphs in NSC/56 which are cited above.*

² Text in Department of State Treaty Series No. 922, and 51 Stat. 15.

³ Text in *Foreign Relations*, 1938, vol. v, p. 83.

⁴ Text in Department of State Executive Agreement Series No. 199, and 54 Stat. (pt. 2) 2491.

⁵ Pan American Union, *Inter-American Conference for the Maintenance of Continental Peace and Security, Rio de Janeiro, August 15-September 2, 1947: Report on the Results of the Conference by the Director General* (Washington, 1947).

⁶ Text in Department of State Treaty Series No. 993, and 59 Stat. 1091.

*The Preamble to the Rio Treaty, after referring to the underlying principles of the inter-American system, states that the Treaty is concluded in conformity with those principles "in order to assure peace, through adequate means, to provide for effective reciprocal assistance to meet armed attacks against any American State, and in order to deal with threats of aggression against any of them."

Article 1 of the Treaty contains a formal condemnation of war and an undertaking not to resort to the threat or the use of force in international relations in any manner inconsistent with the provisions of the Charter of the United Nations or of this Treaty.

The Treaty does not contain provisions similar to those of Article 3 of the North Atlantic Treaty [63 Stat. 2241] (separately and jointly, by means of continuous and effective self-help and mutual aid, to maintain and develop their individual and collective capacity to resist armed attack); or to the provisions of Article 9 of the North Atlantic Treaty (to establish immediately a defense committee which shall recommend measures for the implementation of Articles 3 and 5). The procedure outlined in the Rio Treaty, in addition to the undertaking by each party to assist in meeting an armed attack by any State against an American State, is one of consultation as the need therefor may arise (see Articles 3, 6, 7, 8, 9, 11, 12, and 13). [Footnote in the source text.]

On the contrary, the proceedings of the Rio Conference made it quite clear that the Treaty was not meant to provide an impulse toward increased armaments of the American continents. Resolution XI of that Conference reads as follows :

"The Inter-American Conference for the Maintenance of Continental Peace and Security declares: That its primary purpose as well as that of the Treaty which it has concluded is to assure the peace and security of the continent and, consequently, that no stipulation of the Treaty nor any of the obligations created under it should be interpreted as justifying excessive armaments or may be invoked as a reason for the creation or maintenance of armaments or armed forces beyond those required for common defense in the interest of peace and security."

The Secretary of State, in his statement on the Military Assistance Program before the House Foreign Affairs Committee,⁷ observed:

"We are bound with our American Republic friends and neighbors in the Rio Pact of Mutual Assistance. Under this program we intend to help them in procuring equipment. Equipment will be made available to them on a cash reimbursement basis in accordance with a provision of the proposed legislation especially designed to help meet the procurement problems of the American Republics and certain other friendly countries."

It will be seen that while we were willing to give certain assistance in procurement on a cash basis, we did not undertake any moral commitment "to find ways and means to enable Latin American Governments to procure arms to the extent necessary to ensure their continued interest and cooperation".

The position taken by the Department of State during the work of the Foreign Assistance Correlation Committee was that, although the Rio Treaty and the Charter of the Organization of American States do not commit the United States to provide military equipment to the other American Republics, the United States during recent years has actively fostered the concept of inter-American cooperation, including the standardization of military organization and equipment. Accordingly, the Department felt it was essential that legislation providing for military assistance to foreign nations authorize the transfer to the other American Republics, on a reimburseable basis, of amounts of military equipment compatible with their economic conditions and with the needs of hemisphere defense.

The Director General of the Pan American Union, in his Report on the Results of the Rio Conference, made it clear that there was no obligation to reach prior agreement on the measures that would be

⁷ Text in Department of State *Bulletin*, August 8, 1949, p. 189.

necessary for action in collective defense should the need therefor arise. He observed in his report:

"But there might be some confusion between the right or obligation of collective self-defense and the application of collective measures of defense, and that confusion may give rise, also, to the erroneous belief that to exercise that right it is necessary to coordinate *in advance* the measures to be taken, *in consultation*. The American States had little doubt about this, and in my opinion they were right not to admit any. Because collective self-defense, as a right, is derived from the United Nations Charter and as an obligation it is derived from the Treaty of Rio de Janeiro. The rest is pure procedure."

In commenting upon other action at the Rio Conference, the Director General of the Pan American Union expressed the concern he had felt over the fact that economic cooperation is not being given the profound study that the problems created by the terms of the war deserve. He said that many of these problems, if not solved soon, might well lead to serious disturbances and disorders and injure the political and social stability of the American continent. The Director General then made the following significant comment upon the armament question:

"I should like to call the attention of the members of the Governing Board to another proposal, which also reflects accurately the prevailing sentiment of the Conference on the meaning of the Treaty of Rio de Janeiro and its immediate consequences. It is Resolution XI, on armaments and the obligations created under the Treaty, the text of which is sufficiently clear in itself not to require additional comment. Nevertheless, its importance lies in the fact that in the opinion of some regions not represented at the Conference, what was created at Rio de Janeiro was a military alliance of this part of the world, with the object of preparing for an inevitable world war. The American States did not understand it in that way. On the contrary, it is clear for them that the Treaty assures the peace and security of the continent, and that to sign it for the purpose of embarking upon an armament race would be illogical and absurd. [Underscoring added]^s

For the majority of us who were present at the Rio de Janeiro Conference, if not for all, war has been conclusively banished from the hemisphere, as far as the possibility of aggression by one American State against another is concerned. If that had not been the feeling of all signers of the Treaty there would have been a determined effort to leave some loophole for a possible aggressor, and that there never was, throughout the deliberations. Since that is the case, there is no reason for the Latin American countries to start in now to raise their armaments to previously unknown levels, under the pretext that they will need them for the defense of the hemisphere. It is possible that it will be desirable to seek a certain uniformity of materiel and technical training among the military forces of the continent in order to

^s Brackets appear in the source text.

be ready for the only possibility of war that can be considered now that we have the Treaty, namely, aggression against America coming from outside of America. But if we were going to build up in each Latin American country armies and armaments capable of individual defense against any aggressor that might dare to challenge the hemisphere, united by the Treaty of Rio de Janeiro, we would have condemned our peoples to poverty; we would have sacrificed them to the prospect of having to defend themselves when their domestic economy had been weakened by huge expenses that the majority of them are not capable of meeting, and ought not to meet if they have any real conception of the relative importance of their respective fundamental problems. The Conference did not hesitate to condemn any armament policy that goes beyond what is necessary and indispensable for the common defense. And that concept, stated in a resolution, should be taken into full account and even be considered as one criterion in interpreting the Treaty and the spirit behind it."

The foregoing comment indicates the desirability of a reexamination of the approach to and the interpretation of the implementation of the Rio Treaty as set forth in NSC/56.

BACKGROUND OF INTER-AMERICAN MILITARY COOPERATION

Paragraphs 3 and 4 of the NSC paper deal with inter-American military cooperation "in order to achieve complete acceptance of U.S. military standards". It is stated in paragraph 6 that the Latin American nations are aware of the existence of this standardization program, and have eagerly awaited its implementation since 1945, and have considered themselves bound by the inter-American treaties and by the bilateral staff conversations to the principles contained in the President's directive.

Paragraph 5 observes that the continuance of the establishment of U.S. military missions in Latin America, the training of foreign nationals in United States institutions, and combined joint staff planning "is contingent upon the provision, by the United States, of the armaments required by the Latin American nations for the maintenance of armed forces in being". It also is stated in paragraph 16 that "it devolves upon the United States to find ways and means to enable Latin American governments to procure arms to the extent necessary to ensure their continued interest and cooperation."

All of these assertions appear to be questionable in the light of the principal pertinent documents, namely SWNCC 4/10, SANACC 360/11, and 360/12,⁹ and the President's message of May 1946 regarding "The Inter-American Military Cooperation Act".¹⁰

⁹ For text of SANACC 360/11, as amended by SANACC 360/12 and 360/13, under cover of memorandum SANA-6333, March 16, 1949, see *Foreign Relations*, 1949, vol. I, p. 257.

¹⁰ Text in Department of State *Bulletin*, May 19, 1946, p. 859. For pertinent documentation, see *Foreign Relations*, 1946, vol. XI, pp. 86 ff.

SWNCC 4/10 is headed: "Proposed Joint Statement by State, War and the Navy Departments to be Approved by the President". It is understood that this proposed joint statement subsequently was approved by the President. If there is an additional specific Presidential directive, it should be attached to NSC/56. SWNCC 4/10 reads in part as follows:

"With this in view, the Department[s] of State, War and the Navy will be guided in all matters of military cooperation and execution of the policy and measures enunciated above by the following general principles:

(1) The cooperation of the United States will not be extended to any other American republic so as to provide it with a military establishment that is beyond its economic means to support.

(2) Training and equipment shall not be made available by the United States to the armed forces of any other American republics where there is good reason to believe that they may be used for aggression or in order to threaten aggression, against one of its neighboring American republics, thus prejudicing the primary objective of inter-American unity.

(3) In accordance with the democratic principles that the United States represents and upholds throughout the world, and on which its moral credit is largely based, every effort shall be made to insure that the training and equipment afforded by the United States to the armed forces of the other American republics shall not be used in order to deprive the peoples of the other American republics of their democratic rights and liberties.

It is clear that the program of collaboration envisaged above is a program for the military defense of the Hemisphere and, consequently, falls within the field of responsibilities of the War and the Navy Departments. It is equally clear that measures taken in accordance with the program envisaged above will bear importantly on the foreign relations of the United States, with American and non-American nations alike. Consequently, the Department of State, being responsible for the conduct of the foreign relations of the United States, has a concurrent and coordinate responsibility with the War and the Navy Departments in the carrying out of the program envisaged above. So that the State, War and Navy Departments may be in a position to meet their respective responsibilities as indicated above, all plans shall be made and all measures in the carrying out of this program shall be taken with the approval of the War and Navy Departments in respect to defense policy, and with the approval of the Department of State in respect to foreign policy.

In order to realize this division and coordination of responsibility among the three departments, it has been agreed that:

(1) The War and Navy Departments shall assume the initiative (based on bilateral and subsequent military staff conversations) in preparing the basic plans for indoctrinating, training and equipping the armed forces of each of the other American republics in accordance with the policy set forth above. These plans, set forth in such detail as is practicable, shall be submitted

to the Department of State and no action shall be taken to put them into effect until this Department has indicated that they are not in conflict with this government's policy."

The three general principles set forth in SWNCC 4/10 are extremely important ones. They are in general accord with the spirit in which the Rio Treaty subsequently was negotiated. They should be faithfully observed in any military cooperation extended by the United States to the Latin American nations.

In May of 1946, the President transmitted to the Congress a Bill cited as "The Inter-American Military Cooperation Act". The President's message makes clear that the draft legislation is designed to facilitate the military cooperation essential for the maintenance of continental peace and security and that care should be exercised that the United States not encourage military and naval establishments beyond what security considerations require. The President referred to the cordial relations of collaboration with the armed forces of other American Republics, within the framework of the Good Neighbor Policy, which had been maintained for several years by our Army and Navy. He said that under the Bill the Army and Navy, acting in conjunction with the Department of State, would be permitted to continue in the future a general program of collaboration with the armed forces of our sister republics with a view to facilitating the adoption of similar technical standards. The President observed:

"This Government will not, I am sure, in any way approve of, nor will it participate in, the indiscriminate or unrestricted distribution of armaments, which would only contribute to a useless and burdensome armaments race. It does not desire that operations under this Bill shall raise unnecessarily the quantitative level of armaments in the American Republics. . . . It is incumbent upon this Government to see that military developments in which we have a part are guided toward the maintenance of peace and security and that military and naval establishments are not encouraged beyond what security considerations require."

The President's message concluded:

"In executing this program it will be borne in mind, moreover, that it is the policy of this Government to encourage the establishment of sound economic conditions in the other American Republics which will contribute to the improvement of living standards and the advancement of social and cultural welfare. Such conditions are a prerequisite to international peace and security. Operations under the proposed legislation will be conducted with full and constant awareness that no encouragement should be given to the imposition upon other people of any useless burden of armaments which would handicap the economic improvement which all countries so strongly desire. The execution of the program authorized by the bill will also be guided by a determination to guard against placing weapons of war in the hands of any

groups who may use them to oppose the peaceful and democratic principles to which the United States and other American nations have so often subscribed.

In entering into agreements with other American states for the provision of training and equipment as authorized by the bill, the purposes of this program will be made clear to each of the other governments."

The proposed legislation provided in section 5 that the terms and conditions upon which the cooperation authorized under section 3 is extended to any country shall be such as the President deems satisfactory and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory. So far as the State Department knows, there never has been a complete and accurate estimate of what it would cost the United States to carry out an arms program in Latin America based on the complete adoption of U.S. military methods and principles and U.S. standards of military equipment.

It is stated in SANACC 360/11 that the supply and demand relationship with respect to military assistance necessitates careful consideration of the priority in which military assistance should be furnished to applicant nations. Four areas of priority are listed. The Western Hemisphere is in the third category as concerns long-term military considerations, in the second category as concerns long-term political considerations, and in the third category as concerns the combined considerations. Countries are grouped into seven categories. The only two Latin American nations listed are Brazil and Mexico, which were placed in category 6 for a limited degree of assistance. The SANACC paper recognizes the necessity under an arms standardization program of continuing procurement by the other American countries of U.S.-type material. It is stated:

"The priority position of countries outside the Western Hemisphere should not exclude relatively small transfers of U.S. arms and equipment from commercial sources or from available government surplus to the other American countries."

SANACC 360/12 contains the views of the Joint Chiefs of Staff and the Secretary of Defense on SANACC 360/11. The Joint Chiefs were of the opinion that the report is generally sound and will form a basis for decision and action with respect to military aid priorities in peacetime. The Joint Chiefs of Staff viewed with concern the fact that so many countries are listed. They recognized that "substantial" military aid is listed only for the Benelux countries, Canada, France, and the United Kingdom and "limited" and "token" aid naturally would not in practice be given to all of the other countries listed. The Joint Chiefs pointed out, however, that "even consideration of substantial military

aid for six countries, limited aid for sixteen other countries, and token aid for thirty-seven more can result, in terms of granted requests, in tremendous commitments." The Joint Chiefs emphasized that the most careful consideration must be given to our national financial and industrial limitations and our own military requirements before specific decisions are made. They pointed out that limited military aid may well prove difficult to limit once it has been begun and that token aid, by definition, bears to the recipient the implication of more to come; and that aid spread too thin may not be adequate anywhere, whereas concentrated aid where it may best serve the ultimate objective of our own security may be all or even more than we can provide.

Experience with the interim arms program in Latin America has demonstrated that it is almost impossible to avoid costly and disturbing national rivalries in furnishing arms to the Latin American nations. If, as stated in paragraph 16 of NSC/56, "it devolves upon the United States to find ways and means to enable Latin American governments to procure arms to the extent necessary to insure their continued interest and cooperation", we would undertake a commitment of unpredictable proportions. Complete acceptance and implementation of a hemisphere military plan on the basis of standardization would face us with either of two unacceptable alternatives. The United States would have to dictate the size and equipment of Latin American armed forces in order to protect itself from impossible demands, or the United States would have to accept the requests of the Latin American nations for the arms and equipment they think they need. In the first alternative, we would justly be accused of flagrant intervention in the internal affairs of the Latin American countries. The United States cannot dictate to the Latin American countries in a matter so closely related to sovereign independence as that of national defense. In the second alternative, the Latin American countries naturally would purchase non-American arms and equipment, and so defeat the standardization plan, unless the United States were prepared to meet their requests.

TYPE OF LATIN AMERICAN MILITARY ESTABLISHMENTS BEST FITTED TO
MEET THE NEEDS OF HEMISPHERE DEFENSE AND THE SECURITY INTERESTS
OF THE UNITED STATES

The nature of the threat to Latin America in the event of war is an important factor in the determination of the type and strength of Latin American military establishments best suited for hemisphere defense and the security interests of the United States.

Paragraphs 10 and 11 of NSC/56 mention disturbances in Colombia and Bolivia and the failure to maintain internal order. It is believed that such riots and armed uprisings are political and police problems

rather than military problems related to the armed forces and hemisphere defense. It is improbable that increased military strength would prevent violent political disturbances of this character. Furthermore, there is no assurance that police and armed forces will not be infiltrated and subverted by communist and other totalitarian groups, in which event weapons would pass into the hands of people who would misuse them. This already has happened both in Latin America and in other parts of the world. There are numerous examples where weapons used in internal disturbances in foreign countries and in armed clashes between foreign countries are of U.S. origin. In many cases, the United States has been criticized for contributing to these acts of violence because of the fact that the weapons were of U.S. origin.

If the aggressor, in the event of war, had sufficient naval, amphibious, or air-power to land armed forces in the Western Hemisphere, there would be a direct military threat. However, it seems more probable that the immediate threat would be the political one of infiltration and subversion accompanied by internal aggressive action on the part of small but highly organized communist groups. Measures to counter this sort of threat lie in the political, economic, and social fields. What is needed are representative governments that will command the support of their peoples; efficient and loyal police forces which will be immune to communist infiltration and control; economic and social improvements and raised living standards which will provide strong support for stable governments and the maintenance of order; and a faithful observance by all of the American Republics of the principles of collective action for the common security and welfare.

Paragraph 11 of the NSC paper recognizes that the Latin American forces required for the preservation of internal order are generally of the type adaptable to police duty.

It seems extremely doubtful that the Latin American nations will be economically and technically able within the next few years to support military establishments which would provide any substantial combat strength in the event of a major war involving the nations of the Western Hemisphere. There also is a very real danger that substantial increases in armed forces and armaments could result in a weakening of solidarity through the aggravation of national fears and rivalries.

CONCLUSIONS

United States interests would be best served by an approach to the Rio Treaty and to inter-American military cooperation different from the one set forth in NSC/56.

A general strategic plan for hemisphere defense could well be studied by the Inter-American Defense Board. Over a period of time

it might be possible, perhaps in connection with similar action in the United Nations, to reach agreement upon the armed forces that each American nation would maintain and hold available for hemisphere defense.

Such standardization as is practicable should be sought. Much probably can be accomplished in the fields of communications and detection equipment, etc. It does not seem necessary to give up the obvious mutual advantages of some standardization even though complete standardization does not seem possible in the foreseeable future.

The implementation of the Rio Treaty could develop gradually through the usual inter-American process of evolution, and through the procedure of consultation in specific cases, as provided by the terms of the Treaty itself.

810.20 Defense/10-2649

Memorandum by the Acting Assistant Secretary of State for European Affairs (Thompson) to the Secretary of State

TOP SECRET

[WASHINGTON,] November 10, 1949.

Subject: Defense of Greater Caribbean Area in Time of War.

Discussion:

The Secretary of Defense has informed the Department ¹ that the Joint Chiefs of Staff have considered a proposal made to them by the British Chiefs of Staff that the United States should undertake the major responsibility for the defense of the greater Caribbean area in time of war; that, on the outbreak of war an American should be appointed Allied Commander in Chief, Caribbean, and should be responsible for the defense of the British Caribbean colonies, whereas the United Kingdom should remain responsible for the internal security of the colonies; likewise, that on the outbreak of war the Allied Commander in Chief, Atlantic Ocean, should be responsible for the defense of Bermuda and the Bahamas.

The British likewise proposed that a meeting be held to coordinate allied plans for the greater Caribbean area to be attended by the appropriate United States authorities and the following British representatives: Commander in Chief, America and West Indies Station, and Commander, Caribbean Area.

The Joint Chiefs of Staff agree with the British proposals and are of the opinion, with which the Secretary of Defense agrees, that the

¹ In a letter (not printed) addressed to the Secretary of State on October 26, 1949 (810.20 Defense/10-2649).

United States representatives should be: The Commander in Chief, Caribbean Command; The Commander in Chief, Atlantic, and a representative from the Joint Chiefs of Staff.

The Secretary of Defense requests your views.

Recommendation:

That the Secretary sign the attached letter.²

² The Department of State's reply was contained in a letter to Secretary of Defense Johnson by Acting Secretary of State Webb, dated December 2, 1949, which read in part as follows:

"The Department of State agrees that the proposed meeting should take place and sees no objection, from a political point of view, to the division of responsibility for the defense of the area which is envisaged by the British Chiefs of Staff as outlined in your letter." (810.20 Defense/10-2649)

Discussions on the subjects under reference commenced in the following year, although at a lower level than mentioned in the above memorandum.

720.56/1-2650 : Circular airgram

The Secretary of State to Diplomatic Offices in the American Republics

CONFIDENTIAL

WASHINGTON, January 26, 1950—8:20 a. m.

The Department has supplied the Embassies of the other American republics, in Washington, with a statement explaining the applicability of the Mutual Defense Assistance Act of 1949,¹ to other American republics. The Department has transmitted this statement in an informal and routine manner, in order to provide necessary information to the Latin American governments, without implying that this Government is in any way soliciting orders for armament at this time.

Although copies of the statement have been transmitted informally to Embassies of the Caribbean countries, in Washington, the Department is not inclined to give favorable consideration to any requests from countries in that area for significant quantities of armament, so long as present disturbed conditions prevail. The Caribbean countries have received copies of the statement because of the possibility that conditions in that area may have improved by March 1, the deadline which it has been necessary to impose on the receipt of requests from other American republics. In that event, it may be possible to give favorable consideration to requests for small amounts of equipment, particularly equipment which those countries require to maintain in operable condition the armament they already possess.²

¹ Approved October 6; 63 Stat. 714.

² For the text of airgram 141 to Havana, April 26, see vol. II, p. 661.

[Here follows a discussion of procedural matters.]

The Mutual Defense Assistance Act of 1949

The Mutual Defense Assistance Act of 1949 (Public Law 329—81st Congress) was approved by the Congress on September 28, 1949, and signed by the President on October 6, 1949. It is an act to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations. Title I of the MDAA provides for the furnishing of grant aid to the nations party to the North Atlantic Treaty; Title II provides for grant aid to Greece and Turkey; Title III provides for grant aid to Iran, the Republic of Korea, and the Republic of the Philippines; and Title IV, in Section 408 (e), provides for reimbursable aid to Title I, II, and III nations, and to “a nation which has joined with the United States in a collective defense and regional arrangement.”

Eligibility under the MDAA

The above-cited Section 408 (e) has been interpreted to mean that only Latin American countries which have ratified the Inter-American Treaty of Reciprocal Assistance may participate under Section 408 (e) of the MDAA.

[Here follows a discussion of the possible applicability of other legislation to arms purchases by the American Republics.]

Terms of Payment

On the subject of reimbursable aid, your attention is drawn to the fact that Section 408 (e) of the MDAA stipulates that “the full cost, actual or estimated” of equipment, materials or services must be made available to the United States prior to any transfer or the execution of any contract. This means that a Latin American country participating under the MDAA must pay the full cost involved at the time an *order* is placed—this as distinct from payment upon delivery. Further, it has been determined that “full cost” means full original cost, actual or estimated—not current value. Hence, for example, it has been held that United States naval vessels may not be sold under the MDAA to Latin American countries for less than their full original cost regardless of their current value and need for rehabilitation which would add to their full cost.

[Here follows a discussion of procedural matters.]

In conversations with the foreign government regarding any request it may initiate, you should indicate that the great extent of the calls upon the United States for assistance limits the amount of procurement which can be undertaken for Latin American countries, and accordingly, that it may not be possible in every case, to provide Latin

American countries with the full amount of equipment requested. You may indicate that, fortunately, by virtue of their geographical and political situation, the American republics do not at this time face a threat of aggression comparable to that experienced by many countries. You may state that the security of the United States and the entire hemisphere dictates that the greater share of limited United States resources available for foreign military assistance be made available to those countries outside the hemisphere which are immediately exposed to the threat of aggression.

You may advise the foreign government that in preparing any request for equipment it should give first priority to the need for maintenance and modernization of equipment already on hand and for such other equipment as may be necessary for the maintenance of internal security. You should discourage it from requesting equipment beyond the ability of its economy to support. You may indicate that, in the opinion of the United States, the Inter-American Treaty of Reciprocal Assistance ⁴ and other Inter-American commitments to maintain peace in the hemisphere are effective safeguards against aggression as between American states.

In discussing with the foreign government the extent of its requests for military equipment, the point should be made that the present cost of military equipment will be equivalent to current cost, which cost is substantially higher than that for equipment previously furnished. Some savings might accrue to Latin American countries whenever their comparatively small requests can be added to large requirements and joint procurement undertaken.

ACHESON

⁴ For text, see Department of State Treaties and Other International Acts Series (TIAS) No. 1838, or 62 Stat. (pt. 2) 1681.

710.5/2-750

*Memorandum by the Director of the Office of Regional American Affairs (Dreier) to the Assistant Secretary of State for Inter-American Affairs (Miller)*¹

TOP SECRET

[WASHINGTON,] February 7, 1950.

Subject: US policy toward inter-American military collaboration

(1) The NME has proposed in the attached paper ² that the Inter-American Defense Board formulate (a) a hemisphere defense scheme,

¹ Memorandum addressed also to Mr. Willard F. Barber, Deputy Assistant Secretary of State for Inter-American Affairs.

² Draft by the Staff of the National Security Council, "U.S. Policy toward Inter-American Military Collaboration," February 2, 1950, not printed. (710.5/2-750) The final draft of this paper was NSC 56/2, May 18, 1950; see p. 628.

setting forth very broad strategic concepts of hemisphere defense, and (b) a detailed defense plan, specifying the individual roles each country should assume in hemisphere defense. An attempt would be made to formalize these recommendations of the IADB in a multi-lateral agreement.

It is my considered judgment that if we should embark on such a program, the result would be a series of highly inflated military roles and programs for practically all of the Latin American countries. This would create new problems conflicting with our political and economic policies in Latin America today.

Since there is no time for a complete analysis of the NME paper before you leave, I suggest our position at this point be to have the IADB stop after completing the "defense scheme" on which they are apparently already engaged,³ and have the NME prepare its own realistic appraisals of the specific roles that each Latin American country should be expected to fill. Such plans could then be presented to other countries in whatever way seemed best at the time—whether through multilateral or bilateral channels. Do you agree?

(2) Mr. Bruce's office⁴ has asked us to state our views regarding military assistance for Latin American countries during FY 1951. This information is necessary in the development of the budget for foreign military assistance for FY 1951. I believe that we should continue to use existing legislation in making available to Latin American countries small amounts of equipment on a cash basis, but that we should not request Congress for funds to subsidize a program of equipment for Latin America. I believe, however, that we should try to obtain authority from Congress making it possible for the Navy to sell at their present value, rather than at their original cost to the US, the old naval vessels which are in excess of the US Navy's needs.⁵ Do you agree?⁶

JOHN C. DREIER

³ All later drafts of the mentioned paper omitted reference to IADB formulation of defense roles for individual American states. Mr. Dreier's letter to Mr. Miller of March 1, 1950, not printed, stated in part that the Bureau of Inter-American Affairs was responsible for this deletion. (710.5/3-150)

⁴ James Bruce was Director of the Mutual Defense Assistance Program.

⁵ In a memorandum of February 3, 1950, to Messrs. Miller, Barber, and Dreier, George O. Spencer of the Office of Regional American Affairs had said in part: "In my opinion, it is unfortunate that we failed to obtain authority last session for the sale of these ships. They are the most sensible type of military equipment for Latin American countries to have. They are showy pieces of armament which would cater to the national pride of the other governments and it would be difficult for military governments to use them in suppressing their peoples. In the event of war, the other countries could make good use of them by patrolling the supply lines between Latin America and the United States." (720.5621/2-350)

For text of Public Law 621, approved July 26, 1950, see 64 Stat. 373. See also the letter from Secretary Johnson to Secretary Acheson, September 12, 1950, p. 651.

⁶ Two pencilled marginal notes reading "OK E[dward] G M[iller]" appear beside each numbered portion of the source text.

710.5/4-2550

*The Assistant Secretary of State for Far Eastern Affairs (Rusk)¹ to
the Assistant to the Secretary of Defense (Burns)*

TOP SECRET

WASHINGTON, April 25, 1950.

DEAR GENERAL BURNS: In the light of your assurances this morning that the roles which we shall seek to have the governments of Latin America accept for their armed forces in the collective defense of the hemisphere will be fully coordinated with the Department of State before and during the process of discussion with Latin American military representatives, we can agree to your suggestion to delete the latter half of paragraph 17 of the NSC Staff draft dated March 21, 1950.² The paragraph would then end with the following sentence: "Beyond these roles applicable to each Latin American armed force, certain countries should be capable of performing additional tasks as appropriate".³

¹ Mr. Rusk participated in the drafting of NSC 56/2 in his capacity as the Department's Consultant to the National Security Council.

² Draft not printed. (710.5/3-2050)

³ Reference is to a deletion from a section that became paragraph 17a of NSC 56/2; for the final text, see p. 634. The deleted portion read:

Argentina: forces for protection of the sea lines of communication to the River Plate and the Straits of Magellan, defense of contiguous waters against air, submarine and surface raiders, and operations outside her own territory.

Brazil: forces for extra-hemisphere operations as well as forces for complete protection of contiguous waters and sea lines of communication against air, submarine and surface raiders.

Chile and Peru: forces for assistance in protecting west coast sea lines of communication.

Colombia: forces for assistance in protecting contiguous waters against air, submarine and surface raiders.

Cuba: forces to assist in protecting Caribbean communication lines.

Ecuador and Uruguay: forces to assist in convoying in waters adjacent to the coast.

Mexico: forces capable of action anywhere in the hemisphere and of completely defending Mexican waters against air, submarine and surface raiders.

Venezuela: forces for protection of contiguous waters (including the oil installations) against air, submarine and surface raiders." (710.5/3-2050)

In a memorandum of April 13, Max W. Bishop, a Special Assistant to Mr. Rusk, summarized differences between the Departments of State and Defense over paragraph 17 of the March 21 draft as follows:

"The problem hinges around Defense's desire to delete paragraph 17 which deals in general terms with the roles of the Latin American Armed Forces for collective Hemisphere defense. It is Defense's contention that this paragraph deals with "implementation" and not with "military policy". They feel the paragraph therefore has no place in the paper. It seems to me that the question of the roles which we wish the armed forces of any foreign country to accept is a matter of important military policy in which there is an obvious political implication and need for coordination of politico-military policies.

ARA feels strongly the substance of this paragraph should be included." (S/P-NSC Files: Lot 60D167: Folder "Inter-American Treaty of Reciprocal Assistance, NSC 56 Series")

It is clear that one of the basic elements of the policies which we are recommending to the President in this paper is that of the military role which we hope and expect each of the Latin American countries will play in the collective defense of the hemisphere, or in assisting the United States in extra-hemisphere operations. Accordingly the approval of the Department of State to this paper must be predicated on the assumption that these roles will follow the general lines of those indicated in the draft, before the deletion which you have suggested and which we have accepted. Should it later develop that United States military policy calls for a significant change in the scope or nature of those roles, the Department of State might or might not find it necessary to ask that the overall policy be reviewed in the light of the changed roles.

In recommending these policies to the President, we must recognize that successful implementation will encounter many practical difficulties, particularly the necessity constantly to weigh the various political, economic, and military factors which will bear upon the desirability from the standpoint of this country of proceeding step by step with the implementation of the program. It was for this reason that I emphasized this morning in our conversation the desirability of exercising great care to make the policy statement as explicit as possible and thereby to facilitate a clear understanding and meeting of the minds on the part of both State and Defense officers who will be charged with its implementation.

In conclusion, I want to express again my full and cordial agreement with you that the realization of the objectives of the policies of this paper can be accomplished only through the cooperative efforts of our two Departments acting as a team in an atmosphere of mutual confidence. I can assure you that the responsible officers in this Department will do everything possible in a spirit of cooperation on that team to bring about prompt and successful implementation of these policies.

DEAN RUSK

710.5/5-1750

Memorandum by the Assistant Secretary of State for Inter-American Affairs (Miller) to the Secretary of State

TOP SECRET

[WASHINGTON,] May 17, 1950.

Subject: NSC Paper 56—United States Policy Toward Inter-American Military Collaboration

Problem:

At the National Security Council meeting on Thursday, May 18, the above-mentioned document will be submitted for approval. This

memorandum recommends a position to be taken by the Department at that time.

Discussion:

The present paper represents several months of work to harmonize the views of this Department and the Defense Department on military relations with Latin America. For many years, difficulties have been encountered on this subject as a result of conflicting objectives sometimes pursued by the two Departments. It is the Defense Department's desire to develop in the Latin American countries small but competent military establishments capable of performing limited defense functions in time of war, in order that United States manpower may not need to be tied up there. Development of such armed forces frequently involves expenditures for armaments by the Latin American countries which they can ill afford. Encouragement of such expenditures runs counter to the Department's policies of seeking to develop stronger, more productive economies in Latin America, recognizing that the production of raw materials may well be Latin America's major contribution to hemisphere defense in time of war.

The present paper has set forth fully the basic considerations of both Departments and suggests methods for harmonizing these views in a basic national policy.

First, the paper recognizes (paragraph 8) that individual problems cannot be settled on the basis of political, economic or military factors alone, but only by a weighing of United States interests in respect to all three areas of policy. The net result of the paper in this regard is primarily to indicate an approach to problems with perhaps a greater comprehension on the part of each Department of the requirements and interests of the other.

Second, the paper sets forth a method for developing a clear understanding of the role of each Latin American country in a hemisphere defense plan. On the basis of such roles, this Government will have a better idea of the character and extent of armament which each of the Latin American countries should possess for hemisphere defense.

The paper at present gives a very elementary indication of the thinking of the Defense Department regarding the role of Latin American countries (paragraph 17).¹ At various times in the discussion the Defense Department has insisted upon whittling down its references to the strategic roles of other countries. It is believed that

¹ See footnote 3 to the letter from Mr. Rusk to General Burns, April 25, 1950, p. 624.

the present reference to this subject represents a bare minimum which should not be reduced any further.

The paper states the importance of standardization of the armed forces in Latin America on United States lines as a long range objective, but recognizes that standardization cannot be an overriding consideration taking precedence over all other military or political factors. This is a highly important statement in view of the political difficulties facing the standardization policy at this time.²

Recommendations:

It is recommended that the paper be approved in its present form.

It is also recommended that during the discussion the Secretary take an opportunity to express the following points:

1. The present document is an acceptable statement on military objectives and an outline of the proper steps which should be taken at the appropriate time to reach a clearer understanding of the role of each American republic in hemisphere defense. To be realistic, we must recognize, however, that the successful implementation of this policy paper will encounter many practical difficulties. As the paper itself indicates (paragraph 8), it will be necessary constantly to weigh the various political, economic and military factors which bear upon the desirability, from the viewpoint of the United States, of proceeding with any given step in regard to each country.³

2. The above fact emphasizes the need for continued consultation between the two Departments in regard to the implementation of this program, and the need for full agreement at each stage. It would be highly desirable for this point to be emphasized to the officers of both Departments not only in Washington but also in the field.

EDWARD G. MILLER, JR.

² Further information on views within the Department with regard to arms standardization in the Western Hemisphere is in files 710.5, 720.5, and 720.5 MAP for 1950.

³ Mr. Dreier's memorandum of March 20, 1950 to Mr. Barber said in part: "As people in the NME have pointed out, it will be some time before the procedure outlined in this paper results in any actual estimates of the amounts and types of armaments required by the armed forces of other American republics. It will, therefore, not for some time be of assistance to the Department in reaching opinions as to whether individual requests for arms should be approved. This fact should not, in my opinion, prevent us from concurring in what is a greatly improved paper, setting forth a policy to which we can willingly subscribe." (710.5/3-2050)

S/S-NSC Files : Lot 63D351 : NSC 56 Series

*Report by the National Security Council to the President*¹TOP SECRET
NSC 56/2

WASHINGTON, May 18, 1950.

UNITED STATES POLICY TOWARD INTER-AMERICAN COLLABORATION

THE PROBLEM

1. To determine the policies of the United States with respect to military collaboration among the American states.

ANALYSIS

Background of the Present Situation

2. In World War II the United States was required to divert from the main offensive effort to the security of the Caribbean, Central and South American areas a force at one time totaling about 130,000 men with their equipment. Because of antiquated military methods, European military influences, lack of modern equipment and know-how, the Latin American countries, with only one major exception, were unable to make any contribution to Western Hemisphere defense. In the event of a third world war, the military tasks of the United States would be facilitated if a repetition of this situation could be avoided. Recognizing this, the United States has since 1945 made various efforts to establish a practicable basis for more effective inter-American military collaboration.

3. In July 1945, the President approved a statement² enunciating policies and principles to be followed by the United States in the interests of collective hemisphere defense. This statement provided that the United States insofar as possible should:

- a. Establish U.S. military training missions in the other American republics.
- b. Provide training in the United States for Latin American military personnel.

¹ NSC 56/1 was the penultimate draft of April 27, 1950, not printed. (S/S-NSC Files: Lot 63D351: NSC 56 Series) In a note of May 18, 1950, James S. Lay, Jr., Executive Secretary of the NSC, said in part that the NSC and the Acting Secretary of the Treasury had that day adopted NSC 56/2. (S/S-NSC Files: Lot 63D351: NSC 56 Series) In a memorandum of May 19 for the NSC, Mr. Lay stated that the President on the same day had approved the Conclusions contained in NSC 56/2 and directed their implementation by all appropriate executive departments and agencies of the U.S. Government under the coordination of the Secretary of State. (S/S-NSC Files: Lot 63D351: NSC 56 Series)

² Reference is apparently to SWNCC 4/10, July 7, 1945, "Statement of Policy Governing the Provision by the United States of Indoctrination, Training and Equipment for the Armed Forces of the Other American Republics," approved by President Truman on July 29, 1945. For text, see *Foreign Relations*, 1945, vol. ix, pp. 251-254.

c. Participate in the making of combined joint plans for hemisphere defense.

d. Provide military equipment to the other American republics.

4. This statement also provided that the policy should be carried out in compliance with the following principles:

a. Military cooperation should not be extended any American republic so as to provide it with a military establishment beyond its economic means to support.

b. Training and equipment should not be provided an American republic where there is good reason to believe that they would be used for aggression, or in order to threaten aggression, against neighboring American republics, thus prejudicing the primary objective of inter-American unity.

c. In accordance with the democratic principles that the United States represents and upholds throughout the world, and on which its moral credit is largely based, every effort should be made to assure that U.S. training and equipment not be used to deprive the peoples of the American republics of their democratic rights and liberties.

d. All plans made and all measures taken to carry out this program shall be with the approval of the Department of Defense in respect to defense policy and with the approval of the Department of State in respect to foreign policy.

5. The following measures have been taken in implementation of the approved policies and principles set forth above:

a. In 1945, the War and Navy Departments conducted exploratory bilateral staff conversations with the armed forces of the other American republics for the purpose of determining the approximate strengths of Latin American armed forces and the armaments required to support these strengths. Although these conversations could not result in any agreement by the United States to supply military equipment or in any agreement by the other governments to limit the composition and size of their armed forces, they served to focus the attention of the other American republics upon the United States as a source of procurement.

b. Pending enactment of the Inter-American Military Cooperation Act, an interim program was instituted by which limited amounts of surplus equipment were offered for sale to the other American republics under the Surplus Property Act.³ The Inter-American Military Cooperation Act was never enacted and the interim program was terminated in 1948.⁴

c. The President requested Congress to provide authorization in the Mutual Defense Assistance Act of 1949 for selling to the other American republics equipment compatible with their economic condition and with the needs of hemisphere defense, the United States to be reimbursed by the recipient countries for the value of such equipment.

³ Of 1944. See 58 Stat. 765.

⁴ For pertinent documentation, see *Foreign Relations*, 1947, vol. VIII, pp. 101 ff. and *ibid.*, 1948, vol. IX, pp. 207 ff.

As enacted by Congress, this law authorizes the transfer by sale of such equipment to countries which have ratified the Inter-American Treaty of Reciprocal Assistance, but only with full cash reimbursement of the original cost to the United States, including necessary rehabilitation and service charges.

d. The United States Delegation to the Inter-American Defense Board has recommended to the Board that the latter undertake the preparation of a common defense scheme for the maintenance of the peace and security of the continent, for approval by the American states as a basis for further planning toward the defense of the Hemisphere. The Inter-American Defense Board has adopted the recommendation of the United States Delegation, and the member governments of the Organization of American States have been notified accordingly.

e. The United States has complied with requests of most of the other American republics for U.S. military training missions.⁵

f. Latin American military personnel have received, and are receiving, training in U.S. military installations under existing legislation.

The Present Situation

6. The Latin American countries could make their greatest contribution to collective effort in global war by providing for regional security to the maximum of their capabilities, thereby minimizing diversion of United States forces from the main effort. In addition some Latin American countries could provide offensive forces. However, full realization of the Latin American potential for contributing to the prosecution of a war requires more effective inter-American military collaboration than now exists. Failure to achieve satisfactory collaboration would impose on United States forces requirements in excess of their efforts in World War II, and engender a situation detrimental to the security interests of the United States.

7. In addition to such external hostile threats as might be projected against Latin America, communists in Latin America have the capability of severely weakening any war effort of the United States by interfering with the source and transit of strategic materials, by damaging vital installations and by fomenting unrest and instability. In the event of war, the main deterrent to execution of this capability is the ability of the security forces of the Latin American nations to maintain internal security in support of their governments. Their employment to this end can be facilitated through military collaboration under established inter-American procedures.

8. Experience in military collaboration with Latin American countries since the war has shown that many of them have a desire for military equipment in excess of their economic capability to support.

⁵ For pertinent information, see vol. II, p. 671.

Some Latin American countries are overwhelmed by financial obligations which they cannot meet; most of them have a severe shortage of dollars; their position in international trade is precarious; they are seeking United States assistance to solve these problems and are receiving it in the form of loans and constructive, but expensive, economic projects. In approaching the problem of inter-American military collaboration most of the Latin American leaders will be inspired more by their own ambitions, and by fears regarding their neighbors, than by the basic requirements of hemisphere defense. Implied United States commitments almost inevitably develop in the minds of the Latin Americans following any military discussions with this country. It is difficult in such discussions to avoid stimulation of their desires for military equipment which this country cannot deliver. When the United States is successful in reaching military agreements with the Latin American countries it is likely that those countries will expect the United States to provide the means to implement the agreements. It is therefore important constantly to be on guard to avoid stimulating desires and giving rise to an assumption on their part of implied commitments beyond our intention or capacity to fulfill. No matter how sound a policy and program for inter-American military collaboration may be, the difficulties of timing and implementation will require constant coordination of all the changing political, economic, and military factors affecting United States over-all security interests in Latin America.

9. When the Latin American countries are unable to expend their budgeted funds to procure military equipment from the United States they turn to whatever markets are available (including the satellite nations of the USSR) for such equipment and may develop resentment toward the United States. While standardization of military equipment for all Latin American countries remains an ultimate objective, its realization is not necessary for the early undertaking of a program of inter-American military collaboration. Procurement by Latin American countries of military equipment from European sources may well involve the sending of European military missions to the American countries which would be detrimental to the ultimate objective of standardization. It must be recognized that the attainment of this ultimate objective is blocked at the present time by obvious practical difficulties, particularly the high cost of United States armaments, higher priorities accorded to non-hemisphere countries, and the limitations on United States subsidies during peace time. Furthermore, as desirable as standardization may be, it is not an overriding consideration taking precedence over all other military or political factors in the situation. Under present circumstances, the emphasis on standardization must be weighed against other factors

such as the varying importance of the roles of the individual countries in hemisphere defense, the cheaper price of certain arms in friendly European countries and the availability of such arms to Latin American countries.

10. Despite these difficulties, it is important, in view of the probable conditions which we will face in the event of another war, that every effort be made through prior planning and agreement to develop effective inter-American military collaboration in time of peace to assure effective collective hemisphere defense immediately upon the outbreak of war. Development by the IADB of a collective defense scheme would facilitate its acceptance by the Latin American republics. Determination on the basis of that scheme of the individual roles would likewise facilitate acceptance of those roles by the respective Latin American republics. When all or a sufficient number of the American states shall have approved the collective defense scheme and accepted their military roles there will have been provided the basis for further detailed planning by the various countries preparatory to the discharge of accepted responsibility and maintenance of armed forces consistent with these roles.

11. A Western Hemisphere Defense Scheme can be developed only in broad terms for acceptance by the United States and the Latin American governments. Such a defense scheme must not jeopardize or unduly influence global strategy in favor of either direct military assistance or distribution of equipment solely for the achievement of political objectives. The defense scheme to be proposed for acceptance should include:

a. A strategic concept of the defense of the American states within the Treaty of Reciprocal Assistance.

b. A statement of the strategic military objectives of the American states designed to achieve the maximum of Western Hemisphere co-operative strength under the Inter-American Treaty of Reciprocal Assistance, 1947, for the accomplishment of that concept.

c. A statement of collective strategic military requirements of the collaborating American states for accomplishing their objectives.

Military Concept, Principles and Objectives

12. In global war, the basic United States military undertakings required to achieve the objectives of the United States include, *inter alia*:

a. Insuring the integrity of the Western Hemisphere and promoting and developing its war-making capacity.

b. In conjunction with our allies, securing such bases as are essential for the projection of operations.

c. Initiating development of the offensive power of the armed forces for such operations as may be necessary for achievement of the national war objectives.

d. Supporting the war effort of our allies by the provision of all feasible military assistance.

13. The principal strategic military objectives of the United States in Latin America are:

a. The continued and increasing production and delivery of essential strategic materials.

b. While allowing scope for normal political change, the maintenance within each nation of political stability and of internal security to insure protection of the installations upon which the production and delivery of strategic materials depend.⁶

c. The mutual cooperation of all of the Latin American nations in support of the United States.

d. The protection of vital lines of communication.

e. The provision, development, operation and protection of those bases that may be required for the use of the United States and for the protection of lines of communication.

f. The coordinated protection of Latin America from invasion and from raids.

g. The provision of those Latin American armed forces necessary for the accomplishment of the foregoing.

h. The provision by Latin American nations, for the support of collective action in other theaters, of those forces beyond their requirements for the accomplishment of the foregoing.

14. The United States concept of hemisphere defense is based on a regional rather than a national (country by country) approach. For example, the problems incident to security of sea lines of communication are divided into South Atlantic, South Pacific, Caribbean, and Western Mexican areas, and must be the joint responsibility of nations contiguous to those areas. By the same token, whereas the security of the source of Bolivian tin is a responsibility inherent to Bolivia, the transit of such tin to the United States is a responsibility shared by at least half a dozen other countries. Also, instability or defection of one country will divert from the concerted war effort of its neighbors. Accordingly any examination of the military requirements of a single nation must be judged in the light of the whole.

15. Principal regional areas in Latin America for Western Hemisphere defense, subject to defense by joint hemisphere forces, include:

⁶In a draft of February 14, 1950, prepared by the NSC Staff, the equivalent paragraph read: "The maintenance within each nation of political stability and of internal security to insure protection of the installations upon which the production and delivery of strategic materials depend." (720.5 MAP/2-1450)

According to an unsigned memorandum that summarized discussion at the Under Secretary's staff meeting of February 24, 1950, Mr. Barber commented that this draft paragraph should not be construed as favoring an absolute freezing of existing situations. (710.5/2-2450) In a memorandum of March 1 to Mr. Dreier, Mr. Spencer indicated that the Department was emphasizing rewriting of this paragraph at both Staff and Consultant levels of the NSC. (710.5/3-150)

Panama Canal Zone and Approaches, which control the vital east-west line of communications; Mexico, which is necessary for the protection of the continental United States and as a base for the protection of major north-south lines of communication; the Venezuelan oil area including Curaçao-Aruba and Trinidad, which constitutes one of the world's great oil reserves and which would have correspondingly increased importance in the event Middle East oil should be unavailable; Northeast Brazil, which controls the "Straits of Natal-Dakar" from the west and therefore the major north-south lines of communication in the Atlantic Ocean; River Plate Estuary and Approaches, through which supplies of basic foodstuffs are shipped to many Western Hemisphere nations and Great Britain; Mollendo, Peru—Antofagasta, Chile, which contains the rail and harbor outlets for shipments of Bolivian strategic materials; and Straits of Magellan, which is an alternate worldwide east-west line of communications in the event of loss or damage of the Panama Canal.

16. The foregoing envisages that armed forces should be maintained by the other American republics generally for the following principal purposes:

- a.* To minimize diversion of the armed forces of the United States in maintaining the security of the Western Hemisphere.
- b.* To maintain internal order and security.
- c.* To provide local defenses against isolated attacks or raids.
- d.* To protect coastwise shipping.
- e.* To augment the armed forces of the United States in protecting overseas commerce.
- f.* To provide facilities for the use of such United States or other American forces as may be required for protection against external aggression.
- g.* In some cases to provide forces for augmenting United States forces outside this Hemisphere.

17. On the basis of the foregoing, U.S. objectives may be stated with specific reference to (1) the role of each Latin American armed force in collective hemisphere defense and (2) the character of the training, equipment and doctrine of the armed force to be maintained by each Latin American country:

- a.* With respect to roles in hemisphere defense, it is envisaged that each Latin American armed force should be capable of maintaining security within its own territory, including prevention of revolutionary disturbances, prevention of clandestine enemy operations, defense against isolated attacks or raids, protection of the sources and installations of strategic materials, assistance as appropriate in the protection of vital lines of communications, and local security of bases and military facilities. Beyond these roles applicable to each Latin American armed force, certain countries should be capable of performing additional tasks as appropriate.

b. As a long-range objective, the United States seeks the complete standardization along U.S. lines of the training, equipment and doctrine of the armed force of each Latin American country.

CONCLUSIONS

18. In global war, the security of the Western Hemisphere and U.S. access to its resources and manpower would be essential to the transoceanic projection of major U.S. offensive power.

19. To minimize diversion of U.S. forces for defense of the Western Hemisphere, the United States should make every effort to assure the availability and use of indigenous armed forces in Latin America for the execution of military tasks within their capabilities.

20. The security interests of the United States would be advanced by the maintenance and further development of inter-American military collaboration, including standardization, continued military orientation of the Latin American states toward the United States, and development of agreed collective defense plans.

21. The Inter-American Treaty of Reciprocal Assistance constitutes the political framework of the regional defense arrangement required to secure Latin American participation in the defense of the Western Hemisphere. Because of its position among the American republics, it devolves upon the United States to take the lead in the accomplishment of these arrangements. Existing U.S. policies respecting Inter-American military collaboration should be continued.

22. Further measures are now required to enable the United States to promote sound collective security and to accomplish in the event of war the prompt and effective implementation of an agreed plan for hemisphere defense. As the first measure to this end a Western Hemisphere Defense Scheme, in form acceptable to this Government should be evolved within the Inter-American Defense Board.⁷ This Defense Scheme should be within the general framework of the U.S. military concept, principles and objectives for collective security of the Western Hemisphere and should include a statement of the strategic aims and defense principles of the American states for the collective security of the zone established in the Rio Treaty.

23. As the next step, the United States should seek to obtain acceptance by the Latin American governments of the Hemisphere Defense Scheme.

24. When all or a sufficient number of the American states have approved the Hemisphere Defense Scheme, it should be the basis for the formulation by United States and Latin American military rep-

⁷ For the IADB's "Common Defense Scheme for the American Continent," October 27, 1950, see footnote 2 to Secretary Marshall's letter to Secretary Acheson, December 16, 1950, p. 679.

representatives of the military role of each of the American states in the collective defense of the Hemisphere.⁸

25. When these roles are formulated, the United States should support necessary and desirable measures leading to the acceptance by the various governments of their military roles in Hemisphere defense.

26. When the Western Hemisphere Defense Scheme is approved by the United States and the other American republics and upon consequent acceptance of military roles the United States should then prepare for its own purposes a careful estimate of the requirement of each of the other American republics for the maintenance of forces essential to Hemisphere defense. These estimates should serve as a guide in arrangements for the provision of such mutual assistance among the American republics as may be necessary to assure adequate implementation of the Hemisphere Defense Scheme.

27. The United States should seek to persuade the Latin American nations to minimize their military expenditures in time of peace by maintaining only those armed forces necessary to meet their obligations for collective defense. To accomplish the foregoing it may be necessary in some cases for the United States:

a. To assist Latin American nations to obtain from U.S. sources the armaments required for the maintenance of such forces.

b. To encourage and advise Latin American nations through U.S. missions and other training media to make optimum use of their forces in the interests of collective defense.

28. The development and implementation of this program at all stages as well as the timing of individual steps should be carried out with the closest coordination between the Departments of State and Defense and should be guided by:⁹

a. The military requirements of the United States in the event of war.

b. The strategic justification for the defense roles assumed by the American republics.

c. The need for limitation or exclusion of extra-Hemisphere military influence in Latin America.

d. The economic condition of each Latin American state.

⁸ In a memorandum of March 2, 1950, to Mr. Barber, Mr. Dreier had mentioned that Max W. Bishop, State Department representative on the NSC Staff, had unsuccessfully attempted to secure Defense Department approval of this additional sentence: "the formulation of these roles should be carried out with the closest coordination between the Departments of State and Defense." (710.5/3-250)

⁹ The equivalent sentence in the NSC Staff's draft of February 14, 1950, read: "The development and implementation of this program should be guided by: . . ." (720.5 MAP/2-1450) According to the memorandum cited in footnote 8 above, the altered language in later drafts represented a compromise with the State Department's proposal there mentioned.

e. Relative priorities for the allocation of U.S. assistance to foreign countries.

f. Political factors in the foreign relations of the United States, particularly inter-American relationships such as those involving political instability.

731.5622/2-2851

Memorandum by the Assistant Secretary of State for Inter-American Affairs (Miller) to the Consultant to the Secretary of State (Dulles)

SECRET

[WASHINGTON,] June 1, 1950.

EXPORT OF JET AIRCRAFT TO VENEZUELA

In our conversation on May 24 you expressed concern over our possible export to Venezuela of jet aircraft, and the fact that the British had already begun to do so. I have drawn up for your further information and background certain of the considerations which the Department is weighing in arriving at a decision on whether to permit the export of U.S. jet aircraft to Venezuela, and the reasons why it was considered impracticable at the time to seek an understanding with the British on this matter.

Discussion: The present Government of Venezuela has during the last six months acquired four jet aircraft from the de Havilland Corporation of Great Britain for the Venezuelan Air Force. It is understood from our Air Attaché in Caracas that the Venezuelan Government has under order an additional four jet aircraft and is considering the purchase of another 12 from this firm to be delivered during the next year. Venezuela, which at the moment has no serious foreign exchange problem, has thus become the second country in Latin America to acquire jet aircraft. Argentina, which purchased slightly under 100 jets from the de Havilland Corporation in 1947, was the first to do so.

This latest action on the part of Venezuela in acquiring British "jets" in preference to U.S. jet aircraft has, of course, caused great concern to the Air Force. Ever since September, 1948, when the Lockheed F-80 was declared "standard for purchase" by the Air Force, the Air Missions in Latin America have conducted a persuasive campaign in favor of U.S. jet aircraft. General Vandenberg, in a letter of January 28, 1949 to the President of the Lockheed Corporation, advised him to "go flat out for this business" in Latin America, since the Air Force had had to make a major cut-back in its own procurement. This stimulation of interest on the part of the Air Force and Lockheed was carried on in the absence of any defense scheme known to the Department which required the use of high potential aircraft by any of the Latin American countries. The concern of the Air

Force is now compounded by a report from a Lockheed representative in Latin America that, as an aftermath of the Venezuelan purchase, Colombia, Brazil and possibly Mexico are interested in acquiring de Havilland jet aircraft which can be purchased, with armament included, at a cost estimated to be 50% less than the Lockheed F-80's, and under conditions of sale which are far less restrictive.

Peru to date is the only Latin American country which has manifested a concrete interest in U.S. jets in spite of persuasive sales efforts. Even Peru, however, was hesitant on account of the cost, and canceled its order for four F-80's when it became apparent that the Department was reluctant to approve an export license.¹ The view of the Department in the Peruvian case was based primarily on the obvious lack at that time of any hemisphere defense role for Peru, or any other Latin American country, which would require expensive high potential fighter aircraft, and the heavy drain on the Peruvian economy of the cost of this equipment.

These developments are inescapably linked with the Venezuelan case and have a bearing on the present decision confronting the Department of whether to grant an export to Venezuela of the four F-80 jet aircraft rejected by Peru, in the event that the Venezuelan Government should indicate a desire to purchase them.

In conversations with the Departments of the Air Force and Defense on this subject, the Department has stressed the impropriety of stimulating the sale of costly weapons to Latin America unless they were essential for hemisphere defense plans. The Department has explained that, just as the military have their plans for the defense of the hemisphere, the State Department has its security plans, among which the political cooperation and economic productivity of the Latin American countries are regarded of the utmost importance. The Department has, therefore, emphasized that it is just as anxious to avoid any action that would jeopardize these two factors, as the Defense Department is anxious to promote their ideas of standardization of hemisphere defense equipment, etc.

The Department of the Air Force has informed us in these discussions that the present strategic plans for the air defense of the Caribbean region are predicated on the ability of Venezuela and Colombia to protect their coasts from submarine-launched attacks. For this purpose it is stated, the use of jet fighters such as the Lockheed F-80's used by our Air Force are essential. The Department has advised the Department of Defense that, if it is ready to certify in writing that

¹ In a note to the Peruvian Embassy of April 4, 1950, the Department had denied Peru's request for an export license, which had been pending since November 3, 1949. (923.537/4-450) Peru, previously informed of the Department's attitude, had already lost interest in the planes. (Files 423.118 and 923.526 for 1950)

they consider that jet fighters are an essential requirement for Venezuela's defense role, the Department will not oppose the acquisition by Venezuela of jet aircraft, either through private commercial transactions or under the MDAP.²

Since one of the main reasons why the Air Force has strongly backed the efforts of American producers to sell jet aircraft to Latin American countries has been the fact that sales by the British have already taken place, the Department considered whether we might get the British to agree to prohibit further sales in that area. In discussing this with the Office of European Affairs, we were informed that, while we might obtain from the British an agreement to withhold certain types of armaments, such as jet planes, from Latin America, if we did likewise, it would be futile to attempt to get the British to agree not to sell such weapons there if we intended thereupon to pre-empt the market for ourselves.

You will see from the above report of the views of the Department of the Air Force that it would be most unlikely that agreement could be reached within this Government to withhold the sale of all jet aircraft to Latin America. In fact, if our Defense Department makes strategic plans which require the governments, such as Venezuela,³ we could not very well, in my opinion, bind ourselves with the British not to make such planes available.

Furthermore, it is likely that the Latin American countries would learn of any effort we might make to get the British to restrict the export of arms to them and would resent such action on our part as being excessively paternalistic. Finally, we must recognize that, since two Latin American countries already have jet aircraft, it is even more difficult than might otherwise be the case for us to attempt to prevent others from getting them.⁴

The President recently approved a policy paper drafted in the National Security Council on inter-American military cooperation.⁵ Should you wish to look this paper over, Mr. Dreier of the Office of Regional American Affairs will be glad to bring it up to you. This paper sets forth the steps which should now be taken in order to clarify the basis for military cooperation with each of the other American republics. The principal steps outlined are: (a) preparation by

² Correspondence on this subject between the Departments of State and Defense is in files 731.5622 and 731.5811 for 1950.

³ Apparent omission of a clause.

⁴ In a memorandum of March 29, 1950, to Mr. Miller, Mr. Dreier, in summarizing discussion within the Bureau of Inter-American Affairs of an approach to the British on this subject, stated, in addition to the points mentioned above: "It is doubtful that the Secretary would wish to raise this controversial issue with the British at the present time, when so many other difficult questions of major importance are being discussed." (723.5 MAP/3-2950)

⁵ Reference is to NSC 56/2, p. 628.

the Inter-American Defense Board of a hemisphere defense scheme; (b) preparation by the Defense Department in consultation with the State Department of a specific role for each Latin American country within the above defense scheme, (c) agreement of each Latin American country to be sought on its defense role. When these roles are established they will serve as a basis for measuring the requirements for military equipment of each country. The Department is charged with coordinating the implementation of the policy paper and we have already expressed to the Defense Department the necessity for their formulating without delay the defense roles which are to be discussed with Latin American countries.

EDWARD G. MILLER, JR.

S/S-NSC Files : Lot 63D351 : NSC 56 Series

*Memorandum by the Deputy Under Secretary of State (Matthews)
to the Executive Secretary of the National Security Council (Lay)*

TOP SECRET

[WASHINGTON,] July 15, 1950.

Subject: First Progress Report on NSC 56/2. "United States Policy
Toward Inter-American Military Collaboration".

NSC 56/2 was approved as Governmental policy on May 19, 1950. It is requested that this Progress Report dated July 1, 1950 be circulated to the members of the Council for their information.

1. The Department of State, Defense, Army, Navy, and Air Force have each designated a responsible officer¹ to facilitate contact and collaboration among the Departments in the execution of the policy and procedures set forth in the paper. Two meetings of representatives have been held.

2. The policy incorporated in the above-mentioned paper continues the main policies and activities in effect prior to the adoption of NSC 56/2. The chief activities which are therefore being continued are: (a) maintenance of training missions in Latin America; (b) training of Latin American nationals in the United States; (c) joint planning for hemisphere defense; (d) transfer of military equipment. Progress may be noted in all of these matters with the exception of the transfer of military equipment, which has been seriously hampered by the low priority accorded Latin American nations under MDAP and the high costs of equipment under that program.

3. The staff of the Inter-American Defense Board has completed a current plan² for a hemisphere defense scheme as called for in

¹ James E. Webb, Under Secretary of State, said in a letter of June 2, 1950, to Secretary Johnson that Mr. Dreier would have primary responsibility within the State Department for implementation of the policy embodied in NSC 56/2. (720.5 MAP/6-250)

² Document T-03, June 20, 1950 (not printed).

NSC 56/2. The document has been distributed to representatives of all American republics, with a view to its approval following careful study and discussion.

The Department of State has just received a copy of this plan and it is now under joint study by the Departments of State and Defense.³

H. FREEMAN MATTHEWS

³ Documentation on discussion within the Department of the preliminary draft (Document T-03) of the hemisphere defense scheme is in file 371.5 for 1950.

731.5621/7-2050

Memorandum by Mr. John W. Black of the Office of British Commonwealth and Northern European Affairs to the Officer in Charge, United Kingdom and Ireland Affairs (Jackson)

CONFIDENTIAL

[WASHINGTON,] July 20, 1950.

Subject: Sale of British Destroyers to Venezuela.

In a note dated October 6, 1949 ¹ Venezuela made inquiries regarding the possible purchase of U.S. destroyers for their Navy. In reply we stated that the matter would be given consideration but apparently no immediate action was taken. In December word was received from Caracas that the British were negotiating with the Venezuelans for the sale of three destroyers and that these negotiations were well advanced. Both the Embassy and our military people in Caracas expressed concern over this development but suggested that the deal might be blocked if the U.S. acted quickly by making one destroyer available immediately on a cash or loan basis and by beginning negotiations for the construction of three more. We replied by saying that there was no objection to constructing three destroyers and subsequently announced our willingness to send a special commission to Caracas to discuss the matter. No action was taken with regard to the immediate transfer of one destroyer. Although it appeared for a time that these moves might be enough to stall the British negotiations, such was not the case. The proposed commission was never invited by Venezuela and during the latter part of June a contract for the purchase of two destroyers from British Vickers was signed.

The problem of sales of military equipment to Latin America by European countries has been of continuing concern to the Department of Defense. In March of this year Defense officials expressed to the Department their irritation regarding the sale of British jet planes to Venezuela. At a meeting attended by interested officers in ARA and

¹ Not printed.

Mr. Satterthwaite² of BNA it was decided that no objections to these sales should be voiced to the British.

After reviewing the facts of the present case, it would appear that both the slowness of the U.S. to respond to Venezuela's interest in procuring ships and the probability that the British offer was more attractive than any that this country might be expected to make, goes far to explain why the British were successful in making this sale. Lacking any evidence of unfair business practices on the part of the British and in the absence of any understanding or agreement with the British not to sell military items to Venezuela, there does not seem to be any grounds for a complaint by the U.S. in this matter.

BNA has taken the position that there should be no approach to the British regarding such sales until a definite agreement is reached between the Department and the Defense Establishment regarding the amount and types of military supplies which should be furnished to Latin American countries in the light of individual and hemisphere security requirements. Once such an agreement is reached it would be advisable to consult with the British in order to obtain their cooperation in carrying out any balanced military program for that area.

² Livingston Lord Satterthwaite, Deputy Director of the Office of British Commonwealth and Northern European Affairs.

796B.00/8-850

Draft Paper¹ for the National Security Council² by the Director of the Office of Regional American Affairs (Dreier)

SECRET

[WASHINGTON,] August 3, 1950.

Subject: Military Assistance for Korea from Latin America.

Problem:

To determine the policy of the United States Government with respect to the extension by the Latin American countries of military assistance to the UN forces in Korea.³

¹ Several memoranda which accompany the source text of this paper (in file 796B.00 for August 1950) indicate together that it was not revised before its submission to the Defense Department as an enclosure to the letter from Mr. Matthews to Maj. Gen. James H. Burns, August 9, 1950, p. 648. In a memorandum of August 7 to Aaron S. Brown, Special Assistant to the Deputy Under Secretary of State, Livingston T. Merchant, Deputy Assistant Secretary of State for Far Eastern Affairs, said in part that the paper had its origin in discussions between himself, Mr. Miller, and Mr. Dreier. (796B.00/8-850)

² In a memorandum of August 7 to Mr. Matthews, Mr. Miller said in part that the Bureau of United Nations Affairs had suggested the best way to have the memorandum considered would be to have Mr. Matthews send it to General Burns rather than submit it to the NSC. (796B.00/8-850)

³ For the overall policy of the U.S. Government regarding contributions to the UN Command in Korea by other UN members, see volume VII.

Discussion:

Ever since the North Korean forces launched their aggression against the Republic of Korea, and the UN decided upon a vigorous opposition to that aggression, two facts have stood out most clearly with respect to the attitude of the Latin American countries:

1. All of them have expressed their full support of the action taken by the UN and by the United States.
2. While indicating their desire to be of assistance, they want to be told by the United States what kind of assistance is wanted from them, before they make any offers.

There is a strong feeling among even the largest Latin American governments that they lack the necessary military training and equipment and logistical support for an effective contribution to United Nations military forces. Informal conversations are being held with representatives of individual countries in order to inform them of the military requirement in Korea.⁴ It is clear, however, that so long as it is necessary to count upon other countries not only to provide manpower but also to meet the cost of equipment and logistics support for any troops sent to Korea, it is virtually out of the question for Latin American countries to be expected to provide any effective forces. In view of the limited resources of Latin American countries, the positive assistance of this Government will be essential to any effective military contribution from Latin America.

Consideration of whether this Government should under these circumstances encourage Latin American military assistance to Korea involves an analysis of the benefits which the participation of Latin American countries in the Korean conflict might bring to the United States. It is felt that the following factors deserve special attention:

1. From the viewpoint of manpower alone, it would appear desirable to tap the resources of Latin America at this stage of world conflict with Soviet Communism in order to avoid too great a commitment of United States manpower. There exists in Latin America a relatively large potential fighting force and a considerable disposition to participate in the UN effort to restore peace and security. It appears desirable that the present opportunity of using this manpower not be lost.

2. The political advantage of active participation by Latin American forces in the UN action in Korea (or in any other similar situation) would be enormous. The Latin American peoples as a whole are relatively remote from the Asian scene and they are tempted by the thought, which is encouraged by Communist propaganda, that the present crisis is merely a struggle for power between the USA and

⁴ In a memorandum of August 5, 1950, to Mr. Miller and the other geographical bureau chiefs, Mr. Merchant said in part that the Joint Chiefs of Staff had stated it was desirable that units offered for Korean duty should be of battalion strength, fully equipped, and supplied for at least 60 days upon arrival in a zone of operations. (795B.5/8-550)

USSR. If, however, Latin American troops participate with the UN forces, the nationalism and patriotism of the Latin American people will be aroused in support of the entire UN action against Communist aggression. The Latin American countries will be accordingly more closely than ever lined with the position of the United States in the world at large, and more directly committed to the UN.

3. A further political advantage from the active participation of Latin Americans in the UN action in Korea concerns the attitude of the Latin American countries towards Communism at home. The commitment of Latin American manpower against aggressive Communism in Korea will also arouse public opinion in Latin America more firmly than ever against Communist programs and activities within their own countries. Since a major concern of the United States with respect to Latin America under wartime conditions is the possibility of sabotage of the production and transportation of strategic materials, a strong public support of the UN position against Communist aggression should have far-reaching consequences favorable to our interests in Latin America.

Reports from Latin America as of August 3 indicate a considerable desire on the part of governments and people in Latin America to participate in the UN military action in Korea. However, there are also indications that the initial enthusiasm has already passed its peak and may be expected to drop rapidly if the United States does not give it positive support and guidance.

It is recognized that practical military considerations point to difficulties that would be encountered in utilizing troops from various Latin American countries under the Unified Command of the United States. These considerations should be weighed against the advantages mentioned above. It should also be borne in mind that, in view of the uncertain future outlook of the world as a whole, and the possibility of new outbreaks of Communist aggression, our manpower requirements may increase greatly within a year or more. The training and use of Latin American troops may well be found useful with respect to some future development in another part of the world, even if not entirely effective from the viewpoint of the Korean problem alone.

Under present legislation, it is not possible to transfer to Latin America military equipment from the United States Government except at 100 percent cash reimbursement (with the exception of extremely limited supplies of surplus). On the basis of past attempts, it appears unlikely that Congress would provide legislation under which grants of military equipment could be made directly to Latin American countries for use in their homelands, unless a threat of aggression became far more likely there. However, it is entirely pos-

sible in view of the strong feeling that exists in Congress regarding the necessity for utilizing troops from other countries, that Congress might adopt legislation permitting the grant of United States equipment to Latin American forces that were organized specifically for participation in the UN action in Korea or elsewhere.

It appears, moreover, that even without special legislation it may be possible for the United States Government to transfer military equipment and other supplies to forces which are being organized specifically for participation in combat side by side with American troops under UN auspices.

Two general approaches may be indicated for the organization of Latin American forces for use in Korea. On the one hand, special forces could be developed in a few of the larger countries, notably Argentina, Brazil and Mexico. These would retain their national identity, and arrangements for their training and equipment would be made directly with their respective governments.

On the other hand, it is possible to envisage the creation of a collective Latin American force pursuant to a decision of the governments, possibly through the OAS, that such a force should be developed under the authority and command of the UN Unified Command (United States Government). Such a force, consisting initially of one division, might be assembled from all or most countries and trained by the United States in Panama, Puerto Rico or the Philippines. Countries having some equipment that would be of use might contribute it, but, in the main, logistic support would come from the United States. The advantage to us would be the net increase in the manpower available for purposes for which United States troops are now being employed and might otherwise have to be employed in increasing numbers.

The political advantage of the second approach, namely, the collective force, would be greater in that it would involve the enlistment of men from a larger number of countries and thereby widen the desirable political effects mentioned above.

Meetings held by the Latin American Diplomatic Corps in Washington during the past few days, concerning the Korean situation, have emphasized the need of a positive statement of policy from the United States on the question of assistance which the Latin American countries should give to the UN in Korea. These meetings have also emphasized the natural tendency of the Latin American countries to approach a world problem of this character in a collective manner. Individual countries, sensing their weakness, tend to find strength

through their association in a group. It is not suprising, therefore, that in these meetings, as reported to the Department, prominent consideration has been given to the possibility of creating a Latin American military force for Korea, and to the utilization of the machinery of the OAS to facilitate such a plan.

Conclusions:

1. It is in the interest of the United States, both from the domestic and foreign viewpoints, to have Latin American forces participate in the UN action in Korea or in another similar situation should one develop in the future.

2. It is necessary that the United States take the initiative to obtain such participation, and provide the necessary training, equipment and other logistic support to put effective Latin American forces in the field. If the United States does not assume enthusiastic leadership and responsibility in support of a program, it would fail with disastrous political consequences.

3. A few of the larger Latin American countries could organize large enough national forces for service in Korea if the United States gave full assistance.

4. There are political advantages to obtaining Latin American participation in the form of a collective force representing as many of the twenty countries as possible, as compared with the contribution of national forces from only a few countries.

Recommendations:

1. That the above conclusions be approved.

2. That arrangements be made by the Department of Defense with the military authorities of any Latin American countries now offering a specific number of troops, to accept the offer and train and equip those forces for eventual participation in the Korean conflict.

3. That in addition to No. 2 the Departments of State and Defense develop immediately a plan for the creation of a Latin American force on the basis of the approval of other American governments and in which volunteers from any Latin American country could enlist. Upon approval of such a plan by the President, and subject to any necessary consultation with or approval by the Congress, the plan should be communicated by the State Department to the other American governments with a view to their collective endorsement of it.

796B.00/8-850

Memorandum by the Director of the Mutual Defense Assistance Program (Ohly) to the Director of the Office of Regional American Affairs (Dreier)

SECRET

[WASHINGTON,] August 8, 1950.

Subject: Proposed Letter to General Burns ¹ With Respect to Raising and Equipping a Latin American Force for Eventual Participation in the Korean Conflict

1. Although I have several serious reservations with respect to the attached proposed letter to General Burns and the enclosure thereto,² I am concurring therein for S/MDA because of my understanding that you wish to get this matter urgently to Defense for further consideration. The nature of my comments and reservations are set forth in the two succeeding paragraphs, and I would appreciate their being brought to the attention of Mr. Matthews when the proposed letter is submitted for his signature.³

2. I think it is imperative that before any commitments are made, there should be consultation with the appropriate Congressional leaders. Such consultation should be directed toward determining whether this rather calculated and long-range program should (a) be undertaken at all; and (b) if undertaken, should be so undertaken with or without legislation. The attitude of many Congressmen toward grant aid to Latin American countries has been such that any significant step in this direction would be ill advised unless the circumstances thereof were made known and fully discussed with key Congressional leaders. In the event that legislation should be recommended, this office would like to give consideration as to whether or not it should be in the form of an amendment to the UN Participation Act ⁴ or the Mutual Defense Assistance Act. Our present thinking, and we understand the thinking of Defense, is to the effect that an amendment to the UN Participation Act would probably be preferable.

3. My gravest concern about this proposal is the fact that however desirable from a political standpoint, it will result in the diversion of substantial quantities of equipment urgently required for a large number of other programs which would appear to have a very much higher priority. Unless the long-range political advantages of

¹ *Infra.*

² *Supra.*

³ Mr. Dreier submitted Mr. Ohly's memorandum to Deputy Under Secretary Matthews with a brief covering memorandum of August 8, 1950. (796B.00/8-850)

⁴ Of 1945; see 59 Stat. 619.

creating such a force are very great and unless such force will, in fact, augment tremendously the military potential of the free world, I am quite clear that the need for the equipment which it would require is much greater in the case of the forces of other nations. I recognize that a variety of considerations must be weighed in reaching a final judgment on this subject, but I want to emphasize that before such judgment is reached, the impact of this equipment diversion on other programs should be thoroughly explored and taken into account.⁵

⁵ A penciled marginal note reads: "I'm sure the factors stressed by Mr. Ohly will be thoroughly aired in future discussions with Defense Dept. J[ohn] C D[reier]"

796B.00/8-850

The Deputy Under Secretary of State (Matthews) to the Assistant to the Secretary of Defense for Foreign Military Affairs and Military Assistance (Burns)

SECRET

WASHINGTON, August 9, 1950.

DEAR GENERAL BURNS: It has become clear that little if any military contribution can be expected from the Latin American countries for the United Nations forces in Korea if the contributing countries are to be expected to assume the major share of the cost of equipping and supporting their forces. In accordance with the policy decision of the National Security Council on June 29, 1950,¹ and for reasons related not only to our world policy but also to our relations with the Latin American countries, the Department is most anxious that a way be found whereby the Latin American countries may make an effective military contribution.

With this in mind, I send you the attached memorandum² which sets forth the Department's opinion³ on this subject and makes certain specific recommendations for action directly involving the Department of Defense.

I should appreciate it if you will inform me as soon as possible of the views of the Department of Defense on the attached memorandum.

Sincerely yours,

H. FREEMAN MATTHEWS

¹ For documentation on this decision, see vol. VII, pp. 228 ff.

² Reference is to Dreier's draft paper of August 3, 1950, p. 642.

³ Marginal notations indicate that this letter and its enclosure had been cleared with the Bureaus of Inter-American Affairs, Far Eastern Affairs, and United Nations Affairs, as well as with the staff of the Mutual Defense Assistance Program.

795E.5/9-1250

The Secretary of Defense (Johnson) to the Secretary of State

SECRET

WASHINGTON, 12 September 1950.

DEAR MR. SECRETARY: I refer to Deputy Under Secretary Matthews' letter of 9 August 1950,¹ transmitting a study by the Department of State concerning Latin American participation in the Korean operation.

These proposals have been thoroughly reviewed by the Joint Chiefs of Staff, who are in general agreement with the Department of State as to the desirability of Latin American forces joining the unified command, under the United Nations' aegis, in the war in Korea. They also concur in the view of that Department that positive United States assistance is essential to any effective military contributions from Latin America.

In view of the problems involved, the Joint Chiefs of Staff feel that it will be difficult for any existing Latin American army or air combat units to be effectively trained, properly equipped, and transported to the Korean theater in time for participation in the military operations to clear South Korea of the North Koreans. However, in view of the long-range potential benefit to hemisphere relations, the Joint Chiefs of Staff feel that extraordinary efforts should be made by the Department of State without delay to obtain offers and to facilitate the participation of such units. Certain of the larger Latin American nations, furthermore, possess naval vessels which, if immediately proffered, could, in all probability, be used in such combat operations. It is also possible that army, navy, and air units from certain of the Latin American nations could participate in the United Nations occupation in Korea after hostilities have ceased.

In the light of the foregoing considerations, the Joint Chiefs of Staff recommend that prompt action be taken by the Department of State to obtain offers of completely organized and, insofar as possible, fully equipped and self-sustaining army, navy, and air units from the Latin American nations as occupation forces in Korea or for combat operations if this proves possible. While it would be highly desirable to have army units of not less than 1,000 total strength, and air units of not less than squadron strength, the Joint Chiefs of Staff are willing to accept organized units of smaller size which can operate under the flag of the offering country. The Joint Chiefs of Staff recommend that those Latin American nations which are unable to contribute organized combat military units be encouraged to proffer organized service elements, such as surgical teams, ambulance units, engineer detachments, and port or labor battalions.

¹ *Supra*.

For those nations which could not make contributions of battalion size or greater, the Joint Chiefs of Staff would give sympathetic consideration to the organization and employment in the Korean operation of some such units as an Inter-American Force of national units, each under its own flag and preserving its own national identity, providing the plan for such an organization is worked out through the appropriate agency of the Organization of American States, namely the Inter-American Defense Board, and subject to Department of State approval. On the other hand, the Joint Chiefs of Staff are of the opinion that it would be wholly impracticable and militarily unsound for the United States to attempt at present to organize, train, and equip an international unit composed of unorganized volunteers from the several Latin American nations. Furthermore, the Joint Chiefs of Staff have consistently opposed the organization of any United Nations force, other than armed guards, in lieu of the forces to be provided that Organization under Article 43 of the Charter.² Accordingly, the general recruitment of volunteers under United Nations aegis of an international unit from Latin America is opposed by the Joint Chiefs of Staff, particularly since this would set a precedent. The grouping together of units from an area included in a United Nations security arrangement under the aegis of the Unified Command for the United Nations Forces in Korea would not be inconsistent with previous positions of the Joint Chiefs of Staff.

The Joint Chiefs of Staff would welcome offers from Latin American nations possessing troop transports or merchant vessels registered under their flags to provide water transportation for their own contingents and those of other participating countries.

The procedures now in effect between our respective Departments, whereby the Joint Chiefs of Staff are consulted in each instance prior to the acceptance of offers of military assistance, should, of course, be followed with respect to offers by Latin American nations. Once the United States Government has accepted a firm offer of assistance from another nation, then the military representatives of that nation will complete negotiations pertaining to the assistance directly with the United States military department concerned.

The Department of Defense recognizes that many of the Latin American nations will not be able to reimburse the United States for some of the equipment, supplies and service which will have to be provided by the United States in order to make their contribution of armed forces effective. As you know, with the concurrence of the Departments of State and Treasury, and after approval by the Presi-

² For text of the Charter of the United Nations, signed at San Francisco, June 26, 1945, see Department of State Treaty Series (TS) No. 993, or 59 Stat. (pt. 2) 1031.

dent, I issued on 1 September 1950 a memorandum³ to the military departments and the Joint Chiefs of Staff furnishing them interim guidance with respect to this problem, which is of world-wide scope and not confined to the Latin American area. That memorandum does not, however, develop the possibilities of reimbursement in kind or mutual reciprocal aid among the participating nations, which are matters of intergovernmental scope. The Department of Defense would be prepared to assist the Departments of State and Treasury in considering and resolving them. The Joint Chiefs of Staff regard the solution of this broad problem as a matter of great importance, and recommendations for the acceptance of organized Latin American units except on a reimbursable basis will have to be contingent upon its favorable resolution.

In closing, I should like to observe that the Joint Chiefs of Staff are convinced that the inability to date of the Latin American nations to furnish immediately adequately equipped and trained combat forces points up the necessity for the prompt implementation of NSC 56/2.⁴

Sincerely yours,

LOUIS JOHNSON

³ This memorandum said in part:

"The several Services should seek arrangements under which the foreign governments will completely equip and supply their forces. To the extent that such complete support is not practicable but the offer is otherwise desirable, the military departments of the United States will make available necessary supplies or services on a basis of immediate reimbursement in U.S. dollars. To the extent that the foreign Government cannot make prompt reimbursement in U.S. dollars, the U.S. Government and the foreign government will negotiate the terms of settlement." (795B.5/9-650)

In a memorandum of September 14, 1950, to Mr. Merchant, Edward W. Doherty, Officer in Charge of Economic Affairs in the Office of Northeast Asian Affairs, said in part:

". . . Mr. Johnson's letter of September 12, in the last paragraph but one, expressly states that the acceptance of Latin American units, except on a reimbursable basis, will be contingent upon the conclusion of arrangements among the participating nations for reciprocal aid and reimbursement in kind. This is a gross misconstruction of the purpose and effect of the memorandum of September 1, which was to permit offers of military assistance to be accepted without hindrance from issues involving compensation or reimbursement, but also without prejudice to the ultimate settlement of questions of reimbursement between the U.S. Government and the foreign government." (795B.5/9-1250)

Additional documentation on discussions of this question held between officials of the State, Defense, and Treasury Departments prior to the letter from the Secretary of State to Secretary Marshall, September 27, 1950 (p. 664), is in decimal file 795B.5 for September 1950.

⁴ Of May 18, 1950, p. 628.

720.5621/9-1250

The Secretary of Defense (Johnson) to the Secretary of State

CONFIDENTIAL

WASHINGTON, 12 September 1950.

DEAR MR. SECRETARY: You will recall that a substantial number of patrol, auxiliary and amphibious vessels were sold to various Other

American Republics under the provisions of the Surplus Property Act of 1944. Since the expiration of this Act in 1947, there has been no legal authority for such sales until the passage of the Mutual Defense Assistance Act (Public Law 329) in October 1949. However, vessel sales under that law were not practicable because of the "full cost" provisions. Public Law 621, 81st Congress, approved by the President on 26 July 1950, has amended this provision to permit sales at a "fair value as determined by the President."

A plan for hemispheric defense is now being formulated by the Inter-American Defense Board. This plan will reaffirm the need for the standardization of military equipment, training and methods of operation among all countries signatory to the Rio Treaty. It is expected that the principal naval responsibilities assigned by this plan to the Other American Republics will be the protection of their lines of sea communications, over which must pass the major portion of the vast quantities of the strategic materials supplied to us by those countries.

Although these countries have indicated their desire to produce a plan of hemispheric defense and agree to it, in most instances they do not have the naval equipment to make such plans effective. The publication of the revised wording of Section 408(e) of the Mutual Defense Assistance Act¹ has raised the expectation and hope that, at long last, the purchase of excess U.S. naval vessels required for the implementation of the Inter-American Defense Board's plans may soon be effected.

In light of the above, I recommend that a program of sale of excess U.S. naval vessels to certain of these countries be finalized at the earliest opportunity, and that the countries concerned be informed as to the vessels which we are prepared to sell to them, with the approximate prices. Such a program is set forth on the inclosure.² The prices tabulated in the inclosure represent the total of the following:

¹ Public Law 621, approved July 6, 1950 (64 Stat. 373).

² In a memorandum of September 7, 1950, to Messrs. Warren and Miller, Duncan A. D. Mackay of the Office of Regional American Affairs said in part he had learned from the Defense Department that Secretary of the Navy Matthews had recommended to Mr. Johnson an allocation as set forth above, except that Mr. Matthews had suggested only one cruiser for Argentina.

"It is understood that the Navy made this tentative allocation primarily on the basis of the need of these countries for these ships in their probable role in hemisphere defense; other factors considered were the governments' traditional friendship to the United States and whether the government had requested this type of ship.

Brazil and Chile, as you may know, have made requests for the exact number of cruisers tentatively allocated for them by the Navy, and are most anxious to purchase them. Argentina has requested either one heavy and two light cruisers, or two heavy and two light cruisers, as well as a number more DE's than are proposed by the Navy be allocated." (720.562/9-750)

- a. 10% of the acquisition cost.
- b. Cost of rehabilitation, including a complete filling of allowances and correction of material deficiencies.
- c. Cost of three weeks' logistic support during the familiarization and ready-for-sea period.

I do not consider that the above prices should be inflexibly adhered to during the negotiations, so long as the provisions of the law are adhered to. Price deviations may be necessary for a number of technical reasons, such as the desire of the recipient country for a change in the ammunition allowance, equipage, etc.

If you concur in this recommended plan, the Department of Defense will proceed immediately with negotiations with the naval authorities of the countries concerned. When negotiations with a particular country have arrived at mutually satisfactory terms, final consummation of the sale will be carried out in accordance with established Mutual Defense Assistance procedures in effect for Section 408(e) of the Act.

Sincerely yours,

LOUIS JOHNSON

[Enclosure]

RECOMMENDED SALE PROGRAM

| <i>Purchasing country</i> | <i>Ships to be offered for sale</i> | <i>Approximate sale price to be used for commence- ment of negotiations</i> |
|---------------------------|---|---|
| Argentina | 2 CL | \$7, 935, 000 |
| | 1 DE | 1, 300, 000 |
| Brazil | 2 CL | 7, 935, 000 |
| | 1 AP, 8 DE* | *5, 278, 300 |
| Chile | 2 CL | 7, 935, 000 |
| | 1 DE | 1, 300, 000 |
| Colombia | 1 DE | 1, 300, 000 |
| Venezuela | 2 DE | 2, 600, 000 |
| Uruguay | 2 DE | 2, 600, 000 |
| Peru† | 3 DE | †3, 900, 000 |

*These vessels are now held by Brazil under Lend Lease. [Footnote in the source text.]

†Negotiations to commence only after ratification by Peru of the Treaty of Rio de Janeiro (1947). [Footnote in the source text. The Peruvian Government deposited its ratification of the Inter-American Treaty of Reciprocal Assistance on October 25, 1950.]

710.5/9-2650

Memorandum by the Assistant Secretary of State for Inter-American Affairs (Miller) to the Director of the Policy Planning Staff (Nitze)

TOP SECRET

[WASHINGTON,] September 26, 1950.

In connection with memorandum of September 25¹ from Mr. McWilliams transmitting copy 118 of NSC 68/1 "U.S. Objectives and Programs for National Security" and annexes thereto,² there is submitted herewith my personal comments on these documents in so far as they relate to ARA's responsibilities.

[I.] *Introduction*

The otherwise excellent report fails to take adequate account of the role of Latin America in relation to U.S. national security objectives and consequently fails to give sufficient importance to Latin America's requirements and potential contributions in connection with the security programs discussed.

The outbreak of the Korean crisis and subsequent developments indicate the urgent need of reassessing Latin America's position in regard to U.S. security objectives and the state of our relations to these countries. Latin America presents problems which are unlike those encountered in relation to Europe or Asia which are admirably discussed in the report. Nevertheless, what we do in either of these other areas, the way in which we go about doing it—including our information activities in respect thereof, has a vital impact on our relations with Latin America. For example, while the European Recovery Program³ was soundly conceived and soundly executed in relation to Europe, the fact that the impact of this program on Latin America was not taken into account when the program was announced has constituted the most detrimental single fact in our relations with Latin America. More recently the extension of direct military and economic assistance to the Far Eastern area and ECA development and technical activities in Africa have had a cumulative adverse effect on Latin America. The prospective announcement of a substantial grant in aid program to South Asia will seriously add to our difficulties in regard to Latin America. It is therefore essential to take a new look at our relations with Latin America and within the limits of the possibilities to work out a more positive and dynamic program in this area.

¹ Not printed.

² NSC 68/1 and its annexes not printed. (S/S-NSC Files: Lot 63D351: NSC 68 Series)

³ For documentation regarding the inception of the European Recovery Program, see *Foreign Relations*, 1947, vol. III, pp. 197 ff.

Our relations with Latin America are in many respects closer than those of other areas not only geographically but because we have been working on them longer. The framework of cooperation based on the Rio and Bogotá⁴ Treaties and the Organization of American States is fundamentally sound. Our principal instruments of economic and cultural cooperation with Latin America constitute generally an adequate basis for carrying out the greater part of the cooperative programs which are needed. Our principal problem is not, therefore, one of devising new instruments of cooperation but of expanding and administering more vigorously the programs which we have been operating for several years in this area. More than anything we need to pull together our various programs on a country by country basis into a coordinated positive and appealing whole.

The response of Latin America to the Korean crisis has been satisfactory in so far as concerns moral solidarity but distinctly disappointing as regards positive military and economic cooperation. There has been more lip service than accomplishment in regard to UN commitments. The most obvious reason for this is the fact that the conflict is remote to the average individual Latin American, but at least equally important—certainly in determining the action of governments—has been the apathy and sullenness resulting from the feeling that the United States has abandoned Latin America in the post-war era and is giving priority to new friends in other parts of the world.

As much as one may feel that friendships should not be measured by gifts and loans and as much as one may inveigh against the lack of responsibility on the part of Latin America in fulfilling its commitments, we must face the facts of the present situation and of the increasingly deteriorating situation which will result upon the announcement of additional aid programs in other areas. ARA has steadfastly pursued the Department of State line that the ERP is an emergency program; that what is done in one area is not necessarily suitable for another area; and that U.S. economic assistance is subordinate to self-help measures. We have also gone as far if not farther than we should in urging the Export-Import Bank and the International Bank to take a more positive approach to lending operations in Latin America and especially to take more initiative in helping the Latin Americans to get up projects. However, it has not been possible to make much progress in the face of the feeling of dissatisfaction on the part of the Latin Americans referred to above.

⁴ For text of the Charter of the Organization of American States, which entered into force for the United States on December 15, 1951, see TIAS No. 2361 in *United States Treaties and Other International Agreements* (UST), vol. 2 (pt. 2), p. 2394.

This is particularly true of Brazil, our leading ally in Latin America, whose apathetic position today in the Korean crisis must be contrasted with its spontaneous and enthusiastic support of the allied cause in 1942. This is particularly significant in view of the fact that communists have virtually no economic strength in Brazil whereas all three of our enemies in World War II had important cultural and economic ties with Brazil. The same is also true of Mexico, and since the outbreak of the Korean crisis there has been considerable newspaper comment in Mexico to the effect that the United States cannot look to its Latin American neighbors for military and other essential cooperation when it has not been helping them economically. Nowhere in the world is "the revolution of rising expectations" more in evidence than in Latin America and our own actions are directly responsible for this.

This problem must be examined not only from the standpoint of the welfare of these countries but in regard to what we can expect from them. ARA has recently been placed under a directive from the National Military Establishment to obtain offers of ground troops for Korea. There is no difference of view that one of the main reasons why no offers have been forthcoming is that Latin America has been excluded from all military assistance programs since the war. At the present time the military assistance legislation precludes transfers of equipment to Latin America except on a reimbursable basis, an unrealistic approach in view of the dollar and other financial limitations in those countries and one which contrasts with the flexible and universal authority under Lend Lease. The failure of the Munitions Board and the NSRB prior to and since the outbreak of the Korean crisis to develop any positive and concerted program for strategic materials precludes any effective action on our part in this field.

ARA has been unable to justify proposing any substantial grant program for Latin America. Rising dollar availabilities in itself would preclude any such proposal and the mere fact that such a program is proposed for South Asia does not justify an equivalent program for Latin America. However, we should at least expect that, in regard to financial development, equivalent criteria will be applied in different parts of the world and that there be some top level coordination and policy determination given to the relationship between the different aid programs. Within the framework of such a coordinated policy a new approach for Latin America is necessary in a broadly conceived and positive program taking into account the maximum utilization of all of our present instruments of development. Also since the new wartime situation in Korea presents new problems, a few supplementary instruments of cooperation are needed as discussed below.

Finally it is essential to our relations with Latin America that public opinion in that area be taken into consideration in connection with the announcement of any new major developments in the conduct of our foreign relations throughout the world including the announcement of proposed new aid programs. At the same time consideration should be given to giving a new and more positive aspect to any program of cooperation with Latin America as discussed in this memorandum. A convenient method of doing that, and at the same time giving more life to our regional system would be to convene early in 1951 a consultative meeting of Foreign Ministers of the American Republics to discuss economic and military cooperation in this hemisphere in the light of the present situation and of the instruments at hand for carrying out such cooperation. A prerequisite to such a conference is the clear determination in Washington of the basic principles of our participation in such a cooperative effort.

II. *Recommendations for Modifications in NSC 68/1 and Annexes*

1. *The military programs—the position of Latin America in the military assistance program (Annex No. 1).*⁵

In view of the fact that the staff work of the Inter-American Defense Board has been projected on the assumption of effective cooperation among military elements of all American republics in the defense of the western hemisphere, the military assistance program should be re-assessed in the light of these defense requirements, with particular reference to the question of whether modification of the reimbursable principle is not a requirement to an effective defense program. The experience of the past war indicated that in order to secure shipping lanes, provide the necessary communications, the necessary transportation of strategic materials to the United States and the protection of air and naval bases it was necessary for the United States to station in the Caribbean and South Atlantic 200,000 military personnel. In the event of a new outbreak of war such a drain on the military personnel resources of the United States would be a severe one. The possibility of shifting a large portion of this responsibility to the Latin American military establishments is a real one, but such a shift requires effective assistance in equipment and materiel. In view of the limited financial resources of the Latin American countries, it is most unlikely that their military establishments can or will be adequately strengthened in the absence of at least a modest program of MDAP assistance on a nonreimbursable basis.

The broader question regarding Latin American military participation is whether steps should be taken at this time or in the near future

⁵ No provision had been made in this Annex for grant military aid to the other American republics. (S/S-NSC Files: Lot 63D351: NSC 68 Series)

looking towards overseas military participation by certain Latin American countries on other than a token basis in the event of widespread hostilities. In my judgment there are certain basic considerations which should be studied by the NSC in the near future with a view to arriving at a definitive policy and program. The degree of military assistance available from Latin America in case of emergency, in, say, 1952-53, depends on decisions taken in 1950 and an active beginning in the implementation of such decisions. Important considerations include the following:

a) The degree to which military forces *in being* in Latin America would create an additional element of strength in the free world which would contribute a tangible deterrent to Soviet aggression.

b) The degree to which trained and equipped military forces available in Latin America would contribute to the solution of the "man-power gap" in the United States in case of all-out hostilities.

c) The financial savings to the United States which might result from using a certain number of Latin American divisions in the allied war effort; such savings resulting from the participation by the Latin American countries in meeting the troop aid, subsistence and allowance requirements of their own troops.

d) The global psychological gains which might derive from active participation of the large number of UN members located in Latin America.

If the decision on this basic question is in the affirmative, then two things are necessary:

a) Availability of MDAP assistance on a grant rather than reimbursable basis and on a scale substantially larger than would be required for a limited program based solely on hemispheric defense.⁶

b) Active implementation of such a decision through the regional framework of the Inter-American Defense Board operating under adequate directives from the OAS.

2. *The economic assistance programs, including both grants-in-aid and loans (Annex No. 2).*

The following recommendations for a United States economic co-operation program with Latin America are based on the following objectives:

a) An offset to the progressive deterioration in our relations with Latin America growing out of the fact that the United States has or plans to have large-scale programs in all other major areas of the world.

b) Improvement of political relations of the United States with Latin America through concrete demonstration of our willingness to

⁶ For further information on involvement of the Bureau of Inter-American Affairs in formulation of military grant aid estimates for the NSC 68 project, see the memorandum of December 4, 1950, from Fletcher Warren, Director of the Office of South American Affairs, to Mr. Miller, p. 677.

assist in the economic development which answers to the aspirations of the Latin American leaders and their people.

c) The concentration of economic development in Latin America in those basic fields which will contribute the maximum to:

(1) The development of production which will minimize Latin America's dependence on the United States as a source of supply in the case of emergency.

(2) To maximize the output in Latin America of strategic and other essential materials required to meet expanded consumption requirements in the United States, plus the attainment of stock-pile objectives.

d) To hold the drain on United States financial resources to the minimum compatible to the attainment of the foregoing objectives.

3. *Financial requirements of an economic program for Latin America.*

A reappraisal of financial requirements for Latin America has been made necessary by the situation set forth in NSC 68/1 itself; particularly in view of the disclosure that the gross national output projected requires a much greater consumption of Latin American products and, therefore, a rapid expansion in production of those items in Latin America. In view of the foregoing, the summary of Latin American requirements set forth in pages 2, 3 and 4 of Annex No. 2 have been amended as follows:

a) The projection on page 2 of Annex No. 2 should be amended to read as follows:⁷

| | 1951 | 1952 | 1953 | 1954 | 1955 |
|---------------|---------|------|------|------|------|
| Latin America | 40 (40) | 105 | 115 | 104 | 70 |

b) Note 3 "Latin America,"⁸ page 4 of Annex No. 2, should be amended to include the following additional sentences:

"An additional grant-in-aid sum in the total of \$164 million for the 1951-55 period is required. Of this total, \$64 million will fi-

⁷ Reference is to projections of economic grant aid, including Point IV funds but excluding all military aid. In the mentioned table, other American republics were allotted no grant aid for fiscal 1951, \$60 million for fiscal 1952, and \$70 million for each of the fiscal years 1953 through 1955. (S/S-NSC Files: Lot 63D351: NSC 68 Series)

⁸ The mentioned passage reads as follows:

"*Latin America.* It is estimated that the expansion and new development of critical materials supply and associated transport and power facilities will require an investment of about \$350 million per annum. It is further estimated that the IBRD will be able to invest in Latin America at the rate of about \$125 [m.] per annum, leaving about \$225 m. for U.S. Government loans. Grant aid for Latin America is scheduled to cover expanded IIAA assistance in increasing indigenous food production (\$20 M. for 1952 and \$30 M. thereafter), increased Point IV activities in other fields (\$20 million a year), and an additional \$20 million a year as a contingency fund to cover unpredictable events such as earthquakes, floods, riots, etc. It is expected that Latin America will earn enough dollars to take care of 'normal' development activities not embraced above." (S/S-NSC Files: Lot 63D351: NSC 68 Series)

nance the expeditious completion of the upper section of the Inter-American Highway, and the balance of \$100 million will meet emergency transport requirements related to an expanded production effort in Latin America."

It will be noted from the foregoing that the adjustments required are two. Firstly, an expansion in the over-all sum to be expended in Latin America over the five-year period of \$164 million. Secondly, the recommendation that \$40 million be made available immediately through incorporation in the emergency budget to be presented to Congress in the latter part of this year. The expansion of this program derives from the following considerations:

a) In defining the objectives for the collective defense of the continent, the Inter-American Defense Board has stipulated in its document, T-03 of June 20, 1950, that one of the principal undertakings must be:

"The development, maintenance and protection of an efficient inter-American communications system".

With respect to the Inter-American Highway the recommendation of the Board in the same document is:

"The Pan American Highway is not yet an effective means of inter-American communications. Completed, it would be of particular value in the collective defense of the Continent."⁹

ARA's objective is to see to the completion of the Inter-American Highway. And instead of 8 years as proposed in legislation earlier this year,¹⁰ ARA considers it a matter of considerable urgency to finish it in not more than half that time. Our estimate of funds required remain unchanged, \$64 million of which we propose \$20 million should be made available in this fiscal year (including contract authorization) with the remainder \$44 million to be invested over the following three years.

b) In addition to the through highway ARA considers it necessary to promote, in the interest of defense production, the development of other inland transport facilities to facilitate access to sources of production of strategic and critical materials. The completion of better transport facilities as rapidly as possible in the Amapa region of Brazil and in improving access to the Urucum deposits will be a major

⁹ In a letter to the Secretary of State of November 17, 1950, Frank Pace, Jr., Secretary of the Army, stated in part that he believed the opinion of the Army Department that there was little or no justification from the military point of view for completion of the Inter-American Highway had been given the State Department "... some time ago." Mr. Pace added, however, that the Army wished to open up healthful recreational areas for its personnel stationed in the Canal Zone and for that reason desired completion as early as practicable of that section of the highway which would link the Zone with the Panamanian province of Chiriqui. (819.2612/11-1750)

¹⁰ Public Law 769, approved September 7, 1950, authorized \$4 million for fiscal year 1951 and an equal amount for FY 1952 towards completion of the Inter-American Highway; as enacted it set no time limit for completion. For text, see 64 Stat. 785. By P.L. 911, approved January 6, 1951, \$4 million was appropriated for the highway; for text, see 64 Stat. 1223.

factor in speeding up production of manganese. In Peru, the lack of highway communication can seriously impede developments designed to increase the production of zinc. In Mexico a 30 Km. road will open up another source of iron ore. The Rama road in Nicaragua should be finished without any further delay. In view of the importance attached to better highway transportation by the Inter-American Defense Board, ARA proposes that the sum of \$100 million be made available to be used mainly to defray the dollar costs on a grant basis over a four-year period to provide for transport required for defense production. We can also foresee the necessity to close some of the gaps in the Inter-American Highway south of Panama, for example, the difficult stretch south of Turbo in Colombia which when finished will connect the upper and lower parts of the system.

c) It is estimated that the \$64 million for the upper section of the Inter-American Highway down to the Canal Zone and \$100 million for other highway purposes will be invested during four fiscal years as follows:¹¹

1951—\$40 million
1952—\$45 million
1953—\$45 million
1954—\$34 million.

4. Other essential elements to an adequate approach to United States economic cooperation with Latin America.

As I have already stated, it is essential that in view of the existence of concrete United States aid programs to other areas we present a concrete program to the other American republics as one designed

¹¹ Annex 2 to NSC 68/3, December 8, 1950, contains this projected allocation for nonmilitary grant aid: fiscal 1951, \$44 million; fiscal 1952, \$28 million; fiscal years 1953 and 1954, \$44 million each; and fiscal 1955, \$28 million. Loans remained at \$225 million per year as in Annex 2 to NSC 68/1. The program was explained as follows:

“Latin America: The program of economic assistance which is projected for Latin America is primarily one of production for defense purposes. The objectives are to increase the availability of critical materials which the U.S. will need for industrial and defense output, to maintain production of food and other items at a level adequate to meet the essential requirements of western Europe from this traditional source of supply, and to develop production which will minimize the dependence of Latin American States on imported food and other essential supplies in case of emergency. In addition, it will be necessary to speed up the construction of the Inter-American Highway. This Highway is of strategic value in itself and the goodwill which will result from its completion will be of great political value and of indirect military value to the U.S.

Increased U.S. procurement and higher raw material prices will increase Latin America's dollar receipts and her capacity to service further dollar debt. Consequently the major part of U.S. assistance to Latin America is scheduled in the form of loan aid (largely for transportation, fuel and power facilities). It is estimated that Latin America will require foreign capital for investment at a rate of about \$350 million a year, of which the International Bank may be able to finance about \$125 million a year, leaving about \$225 million a year for U.S. Government loans.

Grant aid for Latin America includes \$64 million over four years for completion of the Inter-American Highway, and about \$28 million a year for an expanded technical assistance program, with particular stress on aid to increase indigenous food production.” (S/S-NSC Files: Lot 63D361: NSC 68 Series)

For the full text of Annex 2 to NSC 68/3, see p. 433.

to meet their specific requirements. The fact that the financial requirements for Latin America are on a more modest scale and that the major part of our participation is in the form of loans rather than grants does not modify the requirement that we have a definite program for that area. In order to present effectively such a program and to make its implementation possible, both congressional and administrative decisions are required. In addition to a decision by the Administration to present the aid requirements to Congress, other decisions by the Administration which should be taken include the following:

(a) The determination by the National Advisory Council of five-year loan absorption figures for each Latin American country. This has already been done in the case of Mexico, a precedent thus having been established.¹² This determination is necessary to provide concrete evidence to the individual Latin American country of our willingness to assist them provided meritorious projects are presented. Secondly, it is necessary to provide such a basis for the joint programming of economic development for our participation in assisting in the preparation of specific projects. Finally, such a determination will serve as an incentive to the Latin American countries to take the necessary internal, fiscal and credit measures required for local currency participation and necessary fiscal reforms and for us directly or through international agencies to have the leverage to suggest actions in these fields.

(b) It will also be necessary for the effective implementation of this program for the two lending institutions, the ExImBank and the International Bank, to work out an agreed formula of categories for their respective loan operations so that the current confusion in this matter may be eliminated.

(c) Finally, in view of the current and prospective supply situation in the United States, it is most important that a materials program be formulated parallel to the financial program so that the latter may be made effective. This means a basic policy determination:

(i) That the civilian requirements of the Latin American countries will receive parity treatment with the civilian requirements of the United States in allocations; and

(ii) That materials required to expand essential production and transportation in Latin America will receive priorities treatment similar to that in the United States for comparative projects.

If the foregoing decisions are made it will be possible, in conjunction with the authority referred to in the stockpiling section below, to present a package program to the Latin Americas at an OAS meeting and thus give new life to our program of economic cooperation in this hemisphere. While this may not eliminate all criticism based upon Latin American exclusion from heavy grants-in-aid, it will be the best approach which we can honestly present.

¹² For pertinent documentation, see vol. II, pp. 936 ff.

5. *Stockpiling program (Annex No. 4).*

This section appears to be inadequately presented and sets forth no criteria for developing a positive program of strategic materials procurement in Latin America.¹³ Neither is it related to the increased current consumption requirements for strategic materials as set forth in Section D of Annex No. 10.¹⁴ Neither Annex No. 4 nor No. 10 proposes a concrete program for the expansion of strategic materials production and transportation in Latin America. As stated on page 19 of NSC 68/1 “. . . almost no start has been made on the basic production and expansion programs which are so essential . . .”. ARA has on several occasions volunteered its whole-hearted cooperation to the representatives of the Munitions Board and the Federal Supply Service in giving full diplomatic support in the Latin American countries to a program designed to expand the production of strategic materials in the other American republics. To date no such program has been forthcoming and little or no evidence of the establishment of production goals in Latin America designed to meet both the requirements of current consumption and of stockpiling in the United States. On the contrary, it appears that we are pursuing a day-to-day policy of trying to deal with the problems as crises arise. This was acutely evidenced by the directive recently received by ARA to approach Argentina and Uruguay on a program for allocations and price controls with respect to wool without any regard for other aspects of our economic relations with those countries and particularly in total disregard of the refusal of the Department of Agriculture only a few months ago to grant Argentina's request to remove wool from the CCC surplus list so as to make it available for purchase by ECA countries.

It is important that as soon as possible a comprehensive program be developed with respect to the increased production of strategic materials in Latin America. It is also important that this program be related to all other aspects of our economic relations with these countries. It may be anticipated that extreme reluctance will be encountered on the part of Latin American governments to go in for wartime production programs except in the context of an integrated economic program which takes account of their essential wartime requirements and also of the adverse effect on their economies of an eventual termination of these programs.

Furthermore, it is important that programs which we stimulate in this field should not be required to be financed through loans. ARA

¹³ Annex 4 to NSC 68/1 does not have estimates of strategic materials procurement from any region.

¹⁴ Annex 10 to NSC 68/1 contains an overview of economic requirements for implementation of the NSC 68 program.

advocates the financing of wartime strategic materials programs through the use of funds available under the Defense Production Act.¹⁵ Although the financial program outlined above takes account of the basic development requirements in the field of transportation, power and food production essential to an expansion of the production of strategic materials in Latin America, it has been assumed that the expansion of the productive facilities themselves will be financed under the Defense Production Act or other special defense funds.

ARA has no suggestions as to other sections of the report.

¹⁵ Approved September 8, 1950. For text, see 64 Stat. 798.

795B.5/9-1250

The Secretary of State to the Secretary of Defense (Marshall)

SECRET

WASHINGTON, September 27, 1950.

MY DEAR MR. SECRETARY: I refer to the letter of September 12, 1950, of the Secretary of Defense to Secretary Acheson which sets forth the views of the Joint Chiefs of Staff regarding Latin American military participation in the Korean operation, as this matter is dealt with in certain proposals by the Department of State which were transmitted with my letter of August 9, 1950 to Major General James H. Burns.

It is gratifying to learn that the Joint Chiefs of Staff are in general agreement with the Department of State upon the desirability that Latin American forces join the United Nations forces in Korea and that they concur in the view that positive assistance from this Government is essential to any effective Latin American military contributions to the action in Korea.

Of most immediate concern in this connection, I believe, is the recommendation of the Joint Chiefs of Staff that the Department of State take prompt action to obtain offers from Latin American governments of completely organized and, in so far as possible, fully equipped and self-sustaining army, navy or air force units for utilization in one or another aspect of the Korean operation. Since it is our view that a precise understanding of the conditions of reimbursement for equipment, supplies and services furnished by this Government for organized units which may be offered is required for further consultations which we may have with Latin American governments, I shall appreciate your informing me as to whether the Department of Defense is in agreement that, based upon Secretary Johnson's letter

under reference, this matter may be discussed with representatives of Latin American governments along the following lines:

Latin American governments should be encouraged to offer organized combat or service army, navy or air force units, according to the general criteria as to size and composition which are set forth in the September 12 letter of the Secretary of Defense. If such units are determined, according to established procedures to be acceptable, such equipment, supplies and services as the Latin American government concerned is unable to provide for their effective use in the Korean operation will be provided by the United States. A government to which such equipment, supplies or services are furnished by the United States should make prompt reimbursement in U.S. dollars to the United States. If payment cannot be made immediately by that government in dollars, the terms and method of payment for the cost of equipment, supplies or services made available by the United States will become a matter of diplomatic negotiation between that government and the government of the United States. While it is recognized that, in negotiating with a foreign government every reasonable effort will be made to secure reimbursement in full or in part in dollars, it may be necessary, in some cases, to accept full or partial payment in the currency of that government, or some other form of settlement.

Although the above conditions appear to the Department to offer a possible basis for further consultations with the Latin American governments in which they would be encouraged to offer assistance, it is conceivable that there may develop special circumstances in connection with one or another specific offer which will make it desirable, from the point of view of the general foreign policy of this Government, for the Department of State to seek terms or considerations for settlement which might not be as limiting as those outlined above.

In view of the urgency of reaching a definite understanding regarding the immediate problem of reimbursement as it affects possible Latin American contributions, I should appreciate an early indication of the views of the Department of Defense upon the above indented statement.

The views of the Joint Chiefs of Staff on other aspects of the Department of State's proposal, which was directed primarily toward the immediate problem of Korea, but which may have much wider application in the future, will be given further consideration in the Department of State. I am sure you will agree that no effort should be spared in search for methods whereby the governments of the other American Republics may be encouraged by the United States to increase their active participation in the defense of the free world against aggression.

Sincerely yours,

For the Secretary of State:
H. FREEMAN MATTHEWS
Deputy Under Secretary

795B.5/9-3050

The Secretary of Defense (Marshall) to the Secretary of State

SECRET

WASHINGTON, 30 September 1950.

DEAR MR. SECRETARY: I refer to Deputy Under Secretary Matthews letter of 27 September 1950,¹ setting forth the terms upon which the Department of State proposes to stimulate Latin American offers of military assistance for service in Korea.

I am pleased to inform you that the Department of Defense is in agreement with the indented statement appearing upon the second page of this letter, which is in consonance with the principle that each foreign government receiving supplies, equipment, services, or other logistical support from the United States should recognize the existence of an obligation owing to this Government for such support, to be discharged in accordance with the criteria which you have outlined. As you indicate, an exception may be made where special circumstances in connection with a specific offer make this particularly desirable from the standpoint of our general foreign policy. My letter of 27 September 1950 concerning the offer of the Government of India² points out, however, that each such exception should be made only after the President has given us his express approval, and should in no manner be communicated to third governments.

I should like to observe that the Department of Defense attaches great importance to preserving this principle of reimbursement. In my opinion, the precedent which we are now establishing in the case of Korea will set the pattern for future collective military action by the United Nations. In a larger sense, this Government is acting as executive agent for the United Nations, and it would appear undesirable to establish any general principle that U.S. military supplies, services or equipment will be donated without creating any obligation on the part of their recipients. This is indeed an uncharted area in international affairs, and I therefore do not consider that we should be bound by such precedents as Lend-Lease, which was conceived and executed before the establishment of the United Nations. Rather, I would suggest that our present position as the leader of collective military action requires us to stimulate and awaken all other members to the difficult responsibilities as well as to the many privileges of participation in that world organization.

Faithfully yours,

G. C. MARSHALL

¹ *Supra*.² Not printed.

720.5621/9-1250

The Secretary of State to the Secretary of Defense (Marshall)

CONFIDENTIAL

WASHINGTON, October 19, 1950.

MY DEAR MR. SECRETARY: Careful consideration has been given to the program of sale of excess United States naval vessels to certain Latin American governments which the Department of Defense proposed in its letter of September 12, 1950. The Department of State concurs in the proposed allocation.

In giving its concurrence, the Department is well aware of the great importance to the United States Government of the plans for the defense of this hemisphere which are now in progress, and of the necessity for taking appropriate steps to insure that the Latin American governments are in a position to fulfil effectively the roles in hemisphere defense which they will have to undertake. While ideally it might be well to postpone action until the Inter-American Defense Plan has been developed and accepted by the nations involved, I believe that the desirability of following this course is outweighed by the possibility that the nations involved may look elsewhere for the satisfaction of their minimum desires, and by the fact that acceptance of this program represents a deviation from such ideal procedure only in chronology and not in principle. I further believe that the desires, already expressed, of certain of the other American governments to purchase naval vessels constitute strong evidence of their intentions to collaborate in the achievement of an effective inter-American defense system or, at a very minimum, the defense of their respective countries.

In agreeing to this proposed allocation of ships, I assume that the program has been developed after taking account of priority requirements for grant-aid countries in Western Europe under the Medium Term Plan,¹ and the requirements of countries eligible for grant-aid in other parts of the world, and that, in this connection, proper weight has been given to the general desirability of discouraging production in Europe of equipment that could be provided from available stocks under grant-aid. I also assume that the proposals are consistent with plans of the Inter-American Defense Board as thus far formulated and that it has been determined that these are the types and numbers of naval units which will be needed by these Latin American governments in connection with any hemisphere defense scheme which is likely to evolve. If I am not accurate regarding any of these assump-

¹ For information on this Plan, see vol. III, pp. 1 ff.

tions, I would appreciate your so advising me since, under such circumstances, I would wish to review the matter further.² Otherwise, the Department proposes to proceed as follows:

1. The Ambassador of each Government concerned will be called in individually by the Department of State and presented with a diplomatic note advising his Government of the proposed offer of sale. At the same time, the Ambassador will be advised of the statutory requirements for the payment of cash in advance of delivery, and of certain customary governmental assurances in connection with these transactions.

2. When the Ambassador indicates informally to the Department that the manner of payment in this transaction and the requisite assurances are understood and acceptable to his Government, he will be advised that the Department of Defense will proceed forthwith to negotiate the details of the transaction with the naval authorities of his Government, in accordance with the terms of the Mutual Defense Assistance Act of 1949 as amended.

I shall appreciate being advised if this proposed procedure meets with your approval.³

Sincerely yours,

DEAN ACHESON

²A memorandum of October 9, 1950, from Fletcher Warren, Director of the Office of South American Affairs, to Acting Secretary Webb, indicates that the sale of excess naval vessels to other American governments encountered its principal opposition within the Department from officials of the Mutual Defense Assistance Program. (720.5 MAP/10-950)

³In a letter of October 26, 1950, Secretary Marshall acknowledged the Department's concurrence with the Defense Department's proposal of September 12 but stipulated that Navy Department officials should hold staff conversations with members of the purchasing navies before actual quantities of equipment were specified in diplomatic correspondence. (720.5621/10-2650)

For the press release announcing the formal U.S. offer of January 4, 1951, to sell two cruisers apiece to Argentina, Brazil, and Chile, see Department of State *Bulletin*, January 15, 1951, p. 104. The U.S. offer was accepted on January 4 by Brazil and Chile and on January 8 by Argentina. For texts of these offers and acceptances, which constituted agreements entering in force on the date of acceptance, see, for Argentina, Brazil, and Chile, respectively, *United States Treaties and Other International Agreements* (UST), vol. 3 (pt. 2), p. 2735, p. 2738, and p. 2741.

In telegram 94 from Santiago, August 29, 1950, Ambassador Bowers reported in part that Chile would not be interested in destroyer escorts. (725.5621/8-2950) Negotiations regarding other naval equipment specified in the Defense Department proposal of September 12 did not near completion in 1950.

795B.5/11-250

The Secretary of Defense (Marshall) to the Secretary of State

TOP SECRET

WASHINGTON, 2 November 1950.

PERSONAL

DEAR ACHESON: I attach herewith my letter to you,¹ forwarded at the suggestion of the Joint Chiefs of Staff. In connection with Paragraph P.,² the exception as concerns Colombia was inserted at the suggestion of the Secretary of the Army and is not a Joint Chiefs of Staff recommendation.

From a purely military point of view, I concur in their recommendations. There is no question but what early action on cancellation of certain requirements will materially reduce expenses to all governments concerned and will ease the logistical burden on our Far East Command.³

I am, however, deeply concerned about the possible political implications in the United Nations, attendant upon certain of these cancellations and want you to know that I am fully aware of the problem confronting you in this regard.⁴

Faithfully yours,

G. C. MARSHALL

¹ In this letter of November 2, 1950, General Marshall transmitted to the Secretary for his agreement a number of recommendations by the JCS regarding reduction of forces to be deployed in Korea by other UN members. These recommendations had been made in view of the improved military situation in Korea. (795B.5/11-250)

² This paragraph reads: "Discontinue efforts to obtain contingents from Latin America, with the exception of the Colombian offer. I have been informed that negotiations with Colombia have proceeded so far that a cancellation of the Colombian offer at this time would be mutually embarrassing to both Governments. I therefore suggest that they be continued with a view to stimulating early Colombian participation in Korea." Mr. Miller, in a memorandum of October 25, 1950, to Fletcher Warren, Director of the Office of South American Affairs, said in part that negotiations regarding the possible Colombian offer of one infantry battalion had already reached the technical level. (795B.5/10-2550)

³ In a memorandum of a conversation held between Colombian and U.S. diplomatic and Army officers on October 24, 1950, Mr. Albert H. Gerberich of the Office of South American Affairs stated that in regard to U.S. logistic support of a potential Colombian contribution, Lt. Gen. Matthew B. Ridgway, Deputy Army Chief of Staff for Administration, "... remarked that the important thing is that the Colombians recognize a commitment to reimburse us for this support; the Unified Command can only give an indication of the approximate costs, and the details can be worked out later to mutual satisfaction between the Colombians and the Department of State." Mr. Gerberich added in part that the Colombians, whose senior representative was Dr. Jorge Mejía-Palacio, Minister Counselor of Embassy, expressed satisfaction with this arrangement. (795B.5/10-2450)

⁴ According to a letter of December 9, 1950, from Mr. Merchant, writing for the Secretary, to Secretary Marshall, the Department had by that day notified the Colombian Government that the Unified Command had accepted the formal Colombian offer of the battalion, made November 14. (795B.5/12-450)

For other information regarding Colombian assistance to UN operations in Korea, see vol. II, p. 835.

S/S-NSC Files : Lot 63D351 : NSC 56 Series

*Memorandum by the Under Secretary of State (Webb) to the
Executive Secretary of the National Security Council (Lay)*

TOP SECRET

WASHINGTON, November 2, 1950.

Subject: Second Progress Report on NSC 56/2 "United States Policy Toward Inter-American Military Collaboration".

NSC 56/2 was approved as Governmental policy on May 19, 1950. It is requested that this Progress Report as of October 13, 1950 be circulated to the members of the Council for their information.

1. There has been continued collaboration among the Departments of State, Defense, Army, Navy and Air Force in the execution of the policy and procedures set forth in this paper. Two meetings of the designated departmental representatives have been held.

2. Progress in the development of defense planning may be noted in the designation, within the Department of Defense, of the United States Delegation to the Inter-American Defense Board as an agency of the Joint Chiefs of Staff responsible for (a) over-all monitorship of military planning for Latin American defense and (b) initiating action to transform U.S. plans into bilateral and multilateral plans in accordance with established U.S. guidance.

3. The Inter-American Defense Board has revised the draft plan for a hemisphere defense scheme, called for in NSC 56/2, and the revised draft plan¹ is being distributed for the further comments and approval of the Council of Delegates of the Inter-American Defense Board after careful study and discussion. The Department of State has just received an information copy of this revised draft plan, and it is now under joint study by the Departments of State and Defense.

4. The Departments of Defense and State have agreed that, in view of the strategic importance of Venezuela and the vulnerability of its petroleum industry to internal sabotage and external military action, it is now opportune to discuss with the Venezuelan Government the security of these vital installations in Venezuela. The Department of State has requested the Chargé d'Affaires in Caracas to obtain the consent of the Venezuelan Government for military staff conversations.²

5. At the request of the President of Cuba, the U.S. Government has agreed to send to Cuba on October 24, for a period of approximately two weeks, a Joint U.S. Military Survey Team to study Cuba's defense

¹ For additional information, see the description of Enclosure A in footnote 2 to the letter dated December 16 from Secretary Marshall to Secretary Acheson, p. 679.

² For pertinent information, see part 2 of editorial note, vol. II, p. 1041.

needs and make appropriate recommendations. The Commander in Chief, Caribbean, will be responsible for implementing this project. It has been agreed by the Departments of State and Defense that no commitments will be made with reference to possible U.S. assistance, and that the formal report of survey will be transmitted for the Department of Defense through the State Department to the Cuban Embassy in Washington, and will not be transmitted directly to the Cuban Government by the Survey Team.³

7. The recent amendment to the Mutual Defense Assistance Act of 1949, passed by the Congress on July 26, 1950 makes it possible for Latin American countries which are eligible to purchase military equipment in excess of U.S. needs at a "fair value" determined by the President. There is under consideration between the Departments of State and Defense at present a proposed program of sale of excess naval vessels to certain Latin American governments which would be the first significant transfer of excess military equipment to Latin America under this act as amended.

JAMES E. WEBB

³ According to a letter of January 18, 1951 from Mr. Miller to Frank Pace, Jr., Secretary of the Army, the survey was conducted from October 26 to November 7, 1950, and the Survey Team's report of November 20 was transmitted by the Department to the Cuban Embassy in Washington on January 16, 1951. (737.5/12-1950)

720.5/11-750

Memorandum of Conversation, by the Director of the Office of South American Affairs (Warren)

SECRET

[WASHINGTON,] November 7, 1950.

Subject: General problems of military policy toward Latin America.

Participants: Lt. Gen. M. B. Ridgway, OCSA

OSA—Amb. Warren

AR—Mr. Jamison

[Here follows a brief discussion of JCS policy regarding deployment of non-United States forces in Korea.]

General Ridgway said that he was anxious for the Inter-American Defense Board to undertake constructive work. He explained that the recent Department of Defense directive which makes the U.S. Delegation to the Defense Board responsible also for "monitoring" in the Defense Department military policy as it is developed for Latin America would contribute to such accomplishment.

With particular reference to the development of plans for encouraging Latin American countries to maintain units for possible UN

action, General Ridgway said that he felt that the immediate objective should be to obtain a clear and definite decision, shared by both State and Defense. He said that it was his experience that the immediate response of the Latin Americans to any positive move on military policy by us was to ask us what assistance we would give to any steps they might take. He felt that we must be absolutely clear on what assistance we are prepared to make available before we should run the risk of arousing hopes and anticipations which we may later be unable to fulfill. If a favorable decision on this matter is reached, General Ridgway believed that the Defense Board might well undertake to develop plans for an integrated Latin American force. (He mentioned in passing the apparent reversal of the State and Defense positions from the earlier postwar period, during which the Department of State appeared definitely opposed to any military aid to Latin America which the Department of Defense then favored.)

General Ridgway said that he was meeting that afternoon with the other members of the U.S. Delegation to the Defense Board and would discuss with them the matters brought up by Ambassador Warren. As we left, General Ridgway again emphasized that his main immediate objective was to obtain from Defense and State a clear cut and fully agreed military policy toward Latin America before making any moves which, for lack of such definiteness, might later prove embarrassing.

720.5 MAP/11-1550

Memorandum by the Officer in Charge, Special Political Problems, in the Office of Regional American Affairs (Jamison)

SECRET

[WASHINGTON,] November 13, 1950.

Problem

Should legislative authorization and appropriations be sought to pay the costs of providing certain types of military training and assistance to the other American Republics?

Discussion

Under present legislation, the United States is severely limited in its ability to assist the people and governments of the other American Republics in fulfilling the positive roles which many of them wish to take, and are potentially capable of taking, in the struggle of the free world against communist aggression. This is in sharp contrast with the military assistance being given to governments in other areas of the world in the form of outright grants. Military supplies and equipment now made available to Latin American governments, with the

exception of a rapidly diminishing amount of materiel defined as "excess", must be paid for in cash at full cost, and the "excess" items must be paid for at a rate of approximately 10% of cost plus certain other expenses. These requirements, which dollar-short Latin American governments find it difficult to meet, together with the priorities given to supplies for other areas, have made it difficult for these governments in some cases to fill their immediate needs.

Recent United Nations action in Korea, and that section of the recently approved U.N. General Assembly resolution on "Uniting for Peace",¹ which recommends that governments maintain units of their armed forces for possible use in U.N. action against aggression, have focussed attention on the desirability that all friendly U.N. members, of which there are 20 Latin American countries, should be in a position not only to maintain internal order and contribute to local self-defense, but also to contribute to U.N. action against aggression in any part of the world. While the individual prospective contributions of the respective Latin American governments may not be large, the psychological advantage of participation by many countries and the potential practical value of the collective Latin American effort are significant. They would become increasingly significant should the struggle against aggression move closer to the Western Hemisphere.

The experience in Korea to date has amply demonstrated (1) that several, at least, of the Latin American governments sincerely desire to participate in U.N. military action against aggression, (2) that most, if not all, of these governments are unable to meet the requirements of participation in such action without positive military assistance. This latter situation was recognized by the Department of Defense in the letter of September 12, 1950 replying to certain proposal[s] by the Department of State regarding Latin American participation in the Korean operation.

In these circumstances, it is believed that immediate steps should be taken to obtain the legislative authorization necessary to permit this government to furnish other American governments at their request with military training, equipment and supplies, on a grant basis, for those units of their armed forces which they maintain for action against aggression in conformity with the pertinent section of the General Assembly resolution on "Uniting for Peace". As a means of assuring that there will be a degree of coordination respecting units which the various countries decide to maintain for this purpose, the U.S. Delegation to the Inter-American Defense Board should be requested to study and determine whether that body should develop

¹ For Resolution 377(V) of the General Assembly, November 3, 1950, see United Nations, *Official Records of the General Assembly, Fifth Session, Supplement No. 20 (A/1775)*, pp. 10-12.

plans for the organization of such units in an inter-American force, and put itself in a position to render technical advice to the respective governments.

It is recognized that the initiation of such a program will involve certain risks. It will be stated, for example: (1) that such grant aid for Latin America will detract from U.S. military aid to other areas whose needs have a higher priority, (2) that the Korean experience has proved that few Latin American countries actually desire to participate in possible U.N. action beyond the hemisphere or even beyond their own territory, (3) that such aid will strengthen the military juntas now in control in some countries and others which aspire to control to the disparagement of democratic processes, (4) that the units which may receive such aid will gain so much in strength and prestige that jealousy and demoralization of other military units in the same country will result, (5) that the U.S. will be accused of seeking to create mercenary forces under U.N. auspices.

With regard to these points, however, it may be pointed out that: (1) The aid initially given will probably not be extensive, since the units Latin American countries agree to maintain for such purposes are not likely to be large. Unless the free world suffers an early and sharp reversal, the program should be developed gradually and should concentrate on the creation of relatively small units from a number of countries rather than large ones from a few. Under any circumstances, the importance of the long range objective to be gained should weigh heavily in determining and assigning priorities. (2) In spite of the unwillingness of several of the more important countries to offer aid to Korea, some of which was due to local conditions of immediate but temporary significance, there has also been a clear indication that a sufficient number of governments desire to participate in such action to warrant an attempt to meet their requirements. Furthermore, once the cooperation of a few countries has been obtained, it is believed that others will fall quickly in line. (3) It will be very difficult for unscrupulous military leaders to face the consequences of misuse of military units which, as is pointedly indicated in the General Assembly resolution, are to be clearly and expressly maintained for possible action against aggression. (4) The danger of such units' incurring the jealousy of other military units is recognized, but it is believed that the desire to emulate the efficiency and capabilities of such units may be a morale-building rather than a demoralizing process. (5) The argument that U.S. aid will turn such units into "mercenaries" can only be met by making clear the obvious fact that the dangers which such units are organized to deal with are as great to the country receiving aid as to the U.S.

It appears that the most expeditious method for obtaining the necessary legislative authority would be to seek an amendment to the present MDAA legislation to authorize grant-aid assistance to the Latin American countries. This could be done by adding the countries which are parties to the Rio Treaty to Title III of the present legislation.

Recommendation:

That the agreement of the Department of Defense be sought to a request to Congress for legislative authorization to permit this Government to make available to governments of the other American Republics military training, equipment and supplies, on a grant basis,² for units of their armed forces which they decide, in conformity with Section C of the United Nations General Assembly resolution entitled "Uniting for Peace" to maintain for possible service as United Nations units.³

² In a memorandum of December 15, 1950, to Mr. Miller, Mr. Warren said in part that General Ridgway had told him the same day that the Defense Department was studying legislation that would allow a modest program of grant military aid to Latin American countries. Mr. Warren told the General of his bureau's interest in this change. (710.5/12-1550) For an extract from another section of this memorandum, see p. 678.

³ In a memorandum of November 15, 1950, to Mr. Miller, Mr. Warren said that the above memorandum had been prepared as a statement of the views of the Bureau of Inter-American Affairs which might obtain the Department's concurrence. "If you approve, we shall initiate consultations with other interested offices." In the margin of the original is penciled "OK E[dward] G M[iller]." (720.5 MAP/11-1550)

Jack K. McFall, Assistant Secretary of State for Congressional Relations, said in part in a memorandum of December 12, 1950, to Mr. Warren, that he had seen the above paper and that he believed inclusion of a relatively small amount of grant military aid to the other American Republics would not impede passage of forthcoming military assistance legislation. (720.5 MAP/12-1250)

795B.5/11-1850: Circular airgram

The Secretary of State to Diplomatic Offices in the American Republics

CONFIDENTIAL

WASHINGTON, November 18, 1950—11:25 a. m.

It now appears that the general UN military situation in Korea makes advisable renewed efforts to encourage offers for the participation of organized military units of Latin American governments.¹ Should the Embassy believe local circumstances to be such that there

¹ In a letter of November 16, 1950, to Secretary Acheson, Deputy Secretary of Defense Robert A. Lovett had said in part: "... regarding general reductions in forces to be deployed by members of the United Nations to Korea, it is requested that due to the fluid situation in Korea, action be held in abeyance pending further study and recommendation by this Department." (795B.5/11-1650)

would be favorable reaction to suggestion that government consider making military offer, or to renewal previous discussions this subject, this matter should be discussed with FonMin along general lines outlined in Depciragram October 5, 4:25 p. m.² It should be pointed out that, even if developments should make utilization of military units for the Korean operation unnecessary, any constructive action toward making a contribution to that operation will probably be helpful to that government in determining the action it may wish to take in implementation of the pertinent sections of Resolution A, Section C, of the action taken by the UNGA under the general heading "Uniting for Peace" (For text, see Wireless Bulletin, No. 258, October 21).³

In this connection, Embassy should bear in mind, however, that conditions under which this government can furnish training and equipment for the Korean operation, as outlined in reference Depciragram, do not at present apply in respect of the longer-range program.⁴ Embassy should also note that UNGA Resolution as finally approved recommends that member governments "maintain" units for possible

² Not printed (795 B.5/10-550); in this airgram the Department had in part instructed diplomatic officers in the American Republics to seek, for duty with the UN forces in Korea, military units of the types outlined in Secretary Johnson's letter to Secretary Acheson of September 12, 1950 (p. 649), on the terms outlined in Secretary Acheson's letter to Secretary Marshall of September 27 (p. 655).

³ Not printed. For Resolution 377(V) of the General Assembly, November 3, 1950, see United Nations, *Official Records of the General Assembly, Fifth Session, Supplement No. 20 (A/1775)*, pp. 10-12.

⁴ In the airgram mentioned in footnote 2 above, the Department had said regarding an inter-American force that ". . . the possibility that relatively small organized units offered by Latin American governments and accepted by the Unified Command may be integrated into an inter-American force of national units is also being considered. The Joint Chiefs of Staff have indicated that they would give sympathetic consideration to the organization and employment of such a force provided the plan for this is worked out through the Inter-American Defense Board. Since the primary problem is to obtain offers, it would appear that the development of such a plan can be worked out most usefully when tangible contributions are forthcoming.

Even though the development of an integrated Latin American military force should prove to be unattainable in the period which may remain in the Korean operation, it is believed that this concept should continue under careful study in order that there may be created a suitable plan for the possible utilization of such a force in United Nations or other international action against aggression which may be required in the future. In this connection it should be noted that an important part of the program for united action for peace, outlined by the U.S. to the General Assembly, is the recommendation that each U.N. member designate a unit or units of its national armed forces to be so trained and equipped that it could be made available for prompt service upon determination by the Security Council or recommendation by the General Assembly. If a resolution along these lines should actually be approved by UNGA, it is possible that action might be taken by the OAS, through its appropriate bodies, leading to the adoption by the states which are members of the OAS of a plan for the integration of units which they may designate into an effective military inter-American force against aggression. The Department will continue to explore this problem with the Department of Defense in order that if it seems appropriate, the OAS machinery will be utilized effectively in the furtherance of useful planning." (795B.5/10-550)

UN action and does not call for specific designation of such units, as the reference airgram indicated it might. The resolution also indicates that any action taken shall be "without prejudice to the use of such elements in exercise of right of individual or collective self-defense recognized in Article 51 of the Charter".

For Embassy's background information, the only Latin American offers of organized units for direct military participation in Korean theater formally made to date are those of a frigate and a battalion of troops by Colombia. According to the Department's information, however, discussions have been carried on either in Washington or the field, or both, with Uruguay, Chile, Cuba, Costa Rica and Peru.⁵

Report by telegram results of any action taken. Dept recognizes that circumstances may make an approach along above lines inadvisable at this time, but would nevertheless appreciate Embassy's evaluation of local situation in this respect.

ACHESON

⁵ Documentation on discussions between the United States and individual American nations regarding Korean force contributions is in decimal files 795B.00 and 795B.5 for 1950. A summary of Korean assistance offers made publicly by UN members (other than the United States) to the Unified Command as of January 1, 1951, is in United Nations, *Yearbook of the United Nations*, 1950, pp. 226-228. Certain additional offers made during 1950 are printed *ibid.*, 1951, pp. 249-257.

700.5 MAP/12-450

Memorandum by the Director of the Office of South American Affairs (Warren) to the Assistant Secretary of State for Inter-American Affairs (Miller)

TOP SECRET

WASHINGTON, December 4, 1950.

Subject: Attached paper on NSC 68/1, Annex 1,¹ Estimates of MDAP Requirements

I attach a copy of a Top Secret memorandum² from Mr. John H. Ohly, Acting Director, Mutual Defense Assistance, to Major General S. L. Scott on the subject NSC 68/1, Annex 1, Estimates of MDAP Requirements.

You will note that the memorandum called for a discussion of the paper at a meeting of the FMACC for 2 o'clock this afternoon. The paper reached me at 2 p. m. I glanced at it hurriedly and found the pertinent part for ARA was paragraph 28 "The Other American Republics" on Page 9. I checked with Mr. Jamison and Mr. Halle immediately and got to the meeting, which was already under way, at 2:30 p. m.

¹ Not printed, but see the memorandum of September 26, 1950, Miller to Nitze, p. 654.

² Of December 4, 1950, not printed. (700.5 MAP/12-450)

I spoke on paragraph 28 with a result that it was amended. It will go to the NSC in the following form:

28. *The Other American Republics.* The inter-American community is a source of both immediate and reserve political and economic strength. Its military strength is limited although not negligible. Its military manpower and the equipment presently available is essential to the maintenance of internal security in the other American states. Properly trained and equipped, the manpower of these countries could be used to maintain the security of lines of communication in the inter-American area and possibly to contribute forces to overseas operations. Although a specific estimate of training requirements and urgent equipment needs has not been included in the estimates given above, it is believed that nominal amounts of funds should be made available if and when necessary to meet training and selected equipment requirements of the other American states in accordance with the policies laid down in NSC 56/2.³

I believe the rewritten paragraph meets all the ideas which have been expressed to me in ARA. At any rate we will now have a definite statement to go to NSC.

³ In the memorandum mentioned in the preceding note, the main clause of the last sentence of the equivalent paragraph read as follows: "... it is believed that nominal amounts of funds might be made available, perhaps on a matching grant basis, to meet training and selected equipment requirements of the other American states in accordance with the policies laid down in NSC 56/2."

In NSC 68/3, December 8, 1950, an equivalent paragraph in Annex 2 agrees in substance with Mr. Warren's suggested revision. For text of the Annex, see p. 433.

710.5/12-1550

Memorandum by the Director of the Office of South American Affairs (Warren) to the Assistant Secretary of State for Inter-American Affairs (Miller)

[Extracts]

SECRET

WASHINGTON, December 15, 1950.

Lt. Gen. Ridgway¹ had me over today for lunch with him in his office at the Pentagon. There were just the two of us present. We had a splendid opportunity to speak about anything urgent. In the 45 minutes that I was there, the following matters were discussed:

2. I inquired as to the position which State is to take with respect to any future offers of Latin American troops for assistance in the Korean effort. The General expressed the personal view that the only thing we could do would be to point out the undetermined course which we must take at this moment in view of the Korean develop-

¹ Lt. Gen. Matthew B. Ridgway, Deputy Chief for Administration of the Army General Staff.

ments and thank our Latin American friends for any offer, at the same time suggesting that they keep the troops ready for use in connection with the United Nations effort as foreseen in the resolution, "United for Peace". The General is going to try to obtain a decision by the three Defense Departments so that we can have an official Defense statement covering the foregoing. In the meantime, any remarks which we might make to Latin American Chiefs of Mission could be slanted in the light of the information in this paragraph.

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710.5/12-1650

The Secretary of Defense (Marshall) to the Secretary of State

TOP SECRET

WASHINGTON, 16 December 1950.

DEAR MR. SECRETARY: In pursuance of its mission of recommending to the governments of the American Republics measures necessary for the defense of the Western Hemisphere, the Inter-American Defense Board¹ has recently prepared a Common Defense Scheme for the American Continent and an Estimate of the Situation² Copies thereof are inclosed.

The Chairman,³ United States Delegation, Inter-American Defense Board, has requested that a United States Governmental position with respect to these documents be furnished to him, in order to stimulate reaction from the other members of the Inter-American Defense Board and to encourage further staff planning with regard to Western Hemisphere defense. The conclusion of the United States Joint Chiefs of Staff, with which I concur, is that from a military point of view, the documents are acceptable as a basis for further planning for the collective defense of the American Continent. The Department of Defense

¹ For the status of the IADB in this period, see *Annals of the Organization of American States*, 1951, pp. 7-8.

² Documents which were attached as Enclosures A and B, respectively, are not printed.

Enclosure A presented general principles for organizing collective defense against all forms of aggression, a strategic concept, a defense doctrine, and objectives, and it listed factors to be considered in achieving the broadest cooperation among the American States in the political, economic, and military fields. The document referred to the principles of sovereignty and equality of States, international law and justice, the geographic unity of the American Continent, the fulfillment of obligations assumed in accordance with inter-American treaties and agreements and the United Nations Charter, and the stability of the democratic forms of government in each of the American States.

Enclosure B reviewed (in general terms) ideological differences between the American States and Soviet Communism, the possibility of aggression, contrasting objectives, probable lines of action, and the defensive capacity of the American Continent. The document concluded with general and specific recommendations for collective defense against all forms of extracontinental aggression.

³ Lt. Gen. Willis D. Crittenger was at once Chairman of the IADB and of the U.S. Delegation to it.

therefore requests your comment or concurrence as to their acceptability for this purpose.

Since the United States has taken the lead in accelerating hemispheric defense plans, early acceptance and approval by this Government is desirable. Such approval will arm the United States Delegation to the Inter-American Defense Board with a specific proof of wholehearted support by this Government, and will further strengthen the position of our diplomatic representatives in pressing for acceptance of these documents by the other American Republics as outlined in NSC 56/2. Moreover, adoption of this Common Defense Scheme should mark an important step in the development of Inter-American military collaboration as envisaged by the Treaty of Reciprocal Assistance signed at Rio de Janeiro in 1947.⁴

Faithfully yours,

G. C. MARSHALL

⁴ In a letter of January 15, 1951, to General Marshall, Mr. Acheson said that the Department approved of the documents in question as acceptable documents on which to base collective defense planning with the other American republics and added in part: "As you know, the problem of military cooperation for the defense of the Americas will be dealt with at the forthcoming Meeting of Consultation of Ministers of Foreign Affairs of the American Republics, and it is important that efforts be made prior to the Meeting to secure acceptance by the American Republics of these general principles, in order that the roles which these countries will have to play in hemisphere defense can be formulated and agreed upon without delay." (710.5/12-1650) Documentation on the Fourth Meeting of Consultation of American Ministers of Foreign Affairs, held in Washington March 26-April 27, 1951, will appear in *Foreign Relations*, 1951, volume II.

PROGRESS OF THE PROGRAM FOR THE MODERNIZATION OF THE TREATIES OF FRIENDSHIP, COMMERCE, AND NAVIGATION ¹

611.004/3-2250

Memorandum Prepared in the Bureau of Economic Affairs ²

CONFIDENTIAL

[WASHINGTON,] March 10, 1950.

PRESENT STATUS OF PROGRAM FOR NEGOTIATING TREATIES OF FRIEND- SHIP, COMMERCE AND NAVIGATION

I

Since the last report on the status of the commercial treaty program (October 25, 1949),³ treaties have been signed with Ireland and Uruguay; signature of the treaty with Lebanon is expected in the near future; a formal proposal for negotiations has been made to Denmark; treaty projects have been instituted with respect to Argentina and Sweden; preliminary negotiating meetings have been held with Brazil and Colombia; informal approaches with regard to possible negotiations have been made to Israel and Paraguay; and substantial progress has been made with several existing projects. Brief summaries of the present status of existing treaty projects and of certain significant factors affecting the program as a whole are set forth below:

Function of FCN Treaties

During the past several months there has been evidence of a broader general understanding of the functions of treaties of friendship, commerce and navigation. Clarifications of policy with respect to the Point Four program and the signing of the treaties with Ireland and Uruguay have tended to focus attention upon the role of these treaties in promoting the investment of private capital in foreign countries

¹ For previous documentation, see *Foreign Relations*, 1949, vol. I, pp. 631 ff.

² Forwarded on March 22 by the Deputy Assistant Secretary for Economic Affairs (O'Gara) to the Under Secretary of State (Webb).

³ Not printed, but see *Foreign Relations*, 1949, vol. I, p. 647.

and thus in furthering one of the major objectives of Point Four.⁴ Concurrently, there has been growing appreciation of the value of those provisions in commercial treaties which provide assurances respecting fundamental personal rights and of the way in which such provisions contribute to the development of a favorable climate for investment. It has been noted that private business interests are particularly aware of the importance of assurances of this kind and of their direct relation to actual business operations abroad.

Negotiating Problems

The main negotiating problem continues to be the reluctance of many foreign countries to grant national treatment for a wide variety of economic activities. In a large number of cases this reluctance still is given practical expression in the desire to maintain a "screening" process in order to permit the exclusion of enterprises which for one reason or other are not welcome on the same basis as locally controlled enterprises. In some cases screening and other devices for avoiding grants of national treatment appear to be based upon straightforward considerations of economic nationalism. In a number of cases, however, the attitude of foreign countries appears to be conditioned by their existing commitments to other countries under the most-favored-nation clause. As a rule foreign countries avow that they are willing to accord extensive establishment rights to American citizens and enterprises but are equally anxious to avoid the necessity of extending those rights to certain third countries. In addition to these perplexing problems, questions involving expropriations and exchange control have continued to present a substantial degree of negotiating difficulty.

⁴ For text of the January 21, 1950, treaty of friendship, commerce, and navigation with Ireland, which entered into force upon the exchange of ratifications September 14, 1950, see Department of State Treaties and Other International Acts Series (TIAS) No. 2155. For text of the November 23, 1949, treaty of friendship, commerce, and economic development with Uruguay, which the United States Senate approved on August 9, 1950, but which the President delayed ratifying pending approval of the treaty by the Uruguayan Government, see Department of State *Bulletin*, September 25, 1950, pp. 502 ff. See also the statement made before the Senate Foreign Relations Committee on May 4, 1950, by Willard L. Thorp, Assistant Secretary of State for Economic Affairs, entitled "Economic Treaties with Uruguay and Ireland," *ibid.*, May 22, 1950, pp. 811 ff. Mr. Thorp cited these treaties as examples of the new types of economic development and investment treaties which the United States was interested in negotiating with certain countries. Regarding the Point IV program, see pp. 846 ff.

Negotiation with France

The lack of tangible progress in negotiations with France, which were started in April, 1948 and suspended in November of that year, may be creating a situation with serious implications for the future development of the treaty program. The issue of national treatment, which brought about the impasse in negotiations, was considered during the visit of Foreign Minister Schumann to Washington in September, 1949 and a formula for its solution was worked out. The French thereupon indicated their satisfaction with the treaty commitments on national treatment and stated their intention to resume the negotiations within the near future, in the expectation of an early conclusion. Since that time, however, the French Government has made no constructive effort to revive the negotiations; and there is ground for supposing that its former attitude of opposition, and even hostility, to the fundamental principles of liberal economic intercourse embodied in the FCN treaty persists. This attitude raises implications affecting the commercial treaty program generally, as other European countries are known to be cognizant of the nature of the issues involved in the French negotiations and may become inclined to shape their own policies accordingly, especially in view of current efforts to coordinate national economic policies through the OEEC mechanism. The French attitude also would appear to have bearing on the extent to which long-term objectives of United States economic foreign policy are likely to be realized. French reluctance to give reasonable assurances as to nondiscriminatory treatment for American citizens, enterprises and investments would appear to be at variance with the purposes for which France has become a major recipient of ECA assistance and a prospective colonial beneficiary of Point Four.

Consultation with Private Business Groups

During the past several months contact has been maintained with responsible organizations representing private business interests, although the current circumstances of the treaty program have not necessitated extensive consultations. It may be noted that a number of private business groups have indicated their approval of the treaty with Uruguay, particularly as an aid to investment, and have expressed the hope that this treaty will encourage other Latin American countries to enter into similar arrangements with the United States.

Current Economic Developments,¹ Lot 70D467

Extract From Bulletin No. 246, March 20, 1950

SECRET

COMMERCIAL TREATY PROGRAM REVIEWED

[Here follows general commentary.]

Further Delay in Benelux Negotiations The commencement of negotiations with the Benelux countries has been subject to further delay. Hitherto the Netherlands maintained a favorable disposition toward the treaty, and expressed readiness to enter into negotiations as soon as its Benelux partners were prepared. Belgium has ascribed its own failure to complete preparations to the absorption of a relatively small Foreign Office staff in more pressing matters, rather than to substantive objections to the treaty. Recently, however, the Dutch have indicated that they are not now in a position to enter into negotiations. It appears that serious differences of opinion among various agencies of that government as to substantive features of the draft have emerged; also, the Netherlands has seemed inclined to delay negotiations until after the US has concluded similar treaties with other important commercial or industrial countries, possibly because of doubts that the US intends to push the treaty program. Recently, however, the ECA Mission at The Hague, together with the Embassy, impressed upon the Netherlands Foreign Office the relationship between the treaty and the long-range economic objectives of the European Recovery Program. The Foreign Office indicated that it would endeavor to have the differences within the Netherlands government as to the treaty resolved in order that the negotiations might be expedited.

Additional European Negotiations In addition to the negotiations with Ireland, which culminated in signature of a treaty January 21, 1950, and the negotiations with France² and the Benelux, as mentioned above, commercial treaty projects with several other European countries are under way. The UK has indicated that it is now studying the draft treaty which we submitted last month, and while the British are anxious to conclude such a treaty with us, they probably can not enter into active negotiations before the end of 1950 because of the press of other matters. In response to an informal approach which

¹ Master set of the Department of State classified internal publication *Current Economic Developments* for the years 1945-1969, as maintained in the Bureau of Economic Affairs and antecedent offices.

² Not printed, but see paragraph entitled "Negotiation with France" in the memorandum prepared in the Bureau of Economic Affairs, March 10, 1950, entitled "Present Status of Program for Negotiating Treaties of Friendship, Commerce and Navigation," *supra*.

we made last May, the Spanish government has now indicated that it is interested in undertaking treaty negotiations and is preparing a counter proposal to our basic draft. Denmark is studying a draft treaty which we presented in January, and the Foreign Office is understood to be interested in beginning negotiations quite soon. A draft treaty was presented to the Portuguese government this month. Recently the Swedish Embassy expressed interest in a commercial treaty but suggested that negotiations be preceded by a formal exchange of notes stating the intention of the two governments to negotiate such a treaty. It appears, however, that Sweden has been more interested in the exchange of notes than in the treaty, attaching political importance to the proposed notes, particularly as a means of counteracting domestic anxiety over Sweden's growing isolation from the west. Accordingly, commitments as to the exchange of notes have been avoided, but a draft treaty has been prepared for purposes of technical study by Sweden with a view to eventual negotiation. Greece is believed to be favorably disposed toward the US basic draft but is concerned about extending the substantial establishment rights provided for in the treaty to other countries, particularly Italy, under existing most-favored-nation commitments. The Italian government recently expressed a desire to accelerate the flow of private US capital to Italy and proposed the negotiation of an agreement designed to broaden the guarantees for US investments in Italy, particularly with regard to the withdrawal of earnings. A draft of an agreement supplementing the commercial treaty of 1948 and containing the more significant developments in standard treaty provisions that have been developed over the past two years is now under consideration as a basis for possible negotiations with Italy.

Latin American Interest Since signature of the Uruguayan treaty in November 1949, drafts have been prepared for negotiation with Argentina and Ecuador, preliminary meetings have been held with Brazil and Colombia, and an informal approach regarding possible negotiations has been made to Paraguay. A standard draft treaty given the Chileans some months ago is understood to be currently under study by that government. A number of Chilean officials, however, continue to hold certain misconceptions regarding the nature and objectives of the draft. In an effort to clear this up, we have submitted a memorandum designed to remove the basis for these misconceptions.

Negotiations with Other Countries The new Australian Minister for External Affairs recently expressed interest in resuming the treaty negotiations which were suspended in September 1948 and welcomed our suggestion that a revised draft be substituted for the draft presented in early 1947. It is believed that the Philippine government may also be interested in resuming treaty negotiations on the basis of an

up-to-date standard draft. Recently there have been indications of greater Egyptian interest in the draft which that country now has under study, apparently because of its possible relation to Point Four legislation; and there now appears to be greater likelihood that the Egyptian government may be persuaded to enter into negotiations on the basis of the draft commercial treaty rather than the Egyptian draft establishment convention. A copy of the standard draft made available on an informal basis to an officer of the Israeli Embassy is believed to be under study by that government, although it has not indicated its attitude toward undertaking a formal treaty project. Since Israel appears to be developing a relatively favorable attitude toward foreign investment, however, it may be possible to place the project on a formal basis. Signature of the treaty with Lebanon, which is before the Lebanese Cabinet for study and final approval, is expected in the near future. In view of unsettled political conditions in Syria, no further action has been taken with respect to the Syrian treaty project.

Current Economic Developments, Lot 70D467

Extract From Bulletin No. 227, October 23, 1950

CONFIDENTIAL

NEW ABRIDGED DRAFT COMMERCIAL TREATY

The draft "Treaty of Amity and Economic Relations" recently submitted to Ethiopia as a basis for negotiation is the first example of our new and shortened commercial treaty draft. It is especially designed for use in a limited number of countries, largely in the Near East, which are not sufficiently advanced in governmental and economic organization to be ready for the full standard treaty of Friendship, Commerce and Navigation. This draft represents an effort to meet the negotiating need, encountered in such countries, for something less complex and more confined to fundamentals than the drafts from which the recent Irish and Uruguayan treaties were derived.

By abridging or restating many provisions and by dropping certain provisions of secondary consequences, the subject matter has been reduced from 26 articles plus Protocol in the current standard draft to 13 articles of shorter average length, plus four new articles. The new draft is about one-fifth the length of the so-called "long" draft which was used in the negotiations with Italy and China immediately following World War II, and is less than half the length of the shorter model used more recently in negotiations with Ireland and Uruguay. In spite of its brevity, the draft remains, with one possible exception, the same as the standard in purpose and primary principles. This

exception is that rules governing the initial establishment of business enterprises are omitted; thus, to the extent that business is conducted in the corporate form, the draft reverts to US treaty policy of the period between the two World Wars.¹ Rule-making on business activities is confined to the more essential question of the treatment to be accorded to those enterprises which are, or may become, established within the country. This should alleviate any fears that the treaty is proposing to lay the country open to dominating penetration by foreign capital, or to embarrassing demands on the part of feared third powers who might insist under the most-favored-nation principle on securing rights equal to those granted the US. The abridged draft remains as pertinent as the standard draft to the promotion of private investment, currently the major emphasis of the treaty program; but it places this emphasis more patently in the context of the broader interests that treaties of this nature are calculated to serve and adjusts it to the simpler requirements of countries most removed from the stream of western progress. Special attention is given to the basic personal rights of those who enter the country or establish there. Since standards of law, justice and administration prevailing in the countries for which the draft is designed tend to be deficient, treaty assurances as to the protection and security of persons and property are especially in order if Americans are to go there in furtherance of the treaty's objective of enhanced trade, investment and intercourse generally.

The total coverage of the draft has been expanded by the addition of an article setting forth certain elementary precepts of international cooperation and peaceful relations, and of three articles relating to diplomatic and consular privileges. These four articles, which commence the treaty, visibly give evidence of the treaty's essentially friendly purpose and give it a more traditional, ceremonial cast than is the case with the standard draft. Included in the new draft are provisions on: general friendly relations; treatment of diplomatic officials; reception of consular officials; taxation of goods and property, diplomatic and consular; entry and basic personal rights; juridical status of companies; access to courts; commercial arbitration; protection and security of property and other legal interests; rights to engage in business; rights in real and personal property; industrial property; taxation of persons and companies; exchange control; entry and treatment of goods; customs administration; navigation; state trading; general exceptions; settlement of disputes; and ratification and termination.

¹ For a list of such treaties concluded during the period 1920-1940, see the Department of State *Bulletin*, March 22, 1954, p. 443.

PROGRESS OF THE PROGRAM FOR THE NEGOTIATION OF CONVENTIONS FOR THE AVOIDANCE OF DOUBLE TAXATION ¹

Current Economic Developments, Lot 70D467

Extract From Bulletin No. 242, February 20, 1950

SECRET

INTEREST INCREASES IN TAX TREATIES WITH THE UNITED STATES

Increasing recognition by foreign countries of the role which private US capital can play in their economic development and of the importance of tax assurances as an inducement to that investment has resulted in heightened interest by these countries in negotiating tax conventions with the US. US tax treaties with other governments are designed to avoid double taxation of income and estates and to promote administrative cooperation in the assessment and collection of taxes. We expect to begin tax discussions in March with Uruguay at the latter's request to consider whether a basis exists for income and estate tax conventions. Discussions already have been initiated with Argentina, Brazil, Colombia, Cuba and Mexico. We are also discussing supplemental treaties with Canada. Colombia has indicated its eagerness to sign draft treaties on income and estate taxes as well as the proposed Treaty of Friendship, Commerce and Navigation. However, since the tax treaties involve a liberalization of our standard form which would become a precedent for future treaties, further action awaits the determination of a US position thereon.

Pakistan, Austria and Switzerland have raised informally the possibility of undertaking tax negotiations with us. Israeli officials too have indicated interest in such negotiations, and also in the possibility of executive agreements for reciprocal exemption from taxation of shipping and aircraft earnings. The initiation of formal negotiations with Australia is still under discussion following informal correspondence between high tax officials of the two countries. Embassy New Delhi feels that, since the Indian Economic Ambassador at Large has been impressing on his government the importance of concluding a tax treaty with the US, this might be a good time for us

¹ For previous documentation, see *Foreign Relations*, 1948, vol. I, Part 2, pp. 950 ff.

to resume tax conversations with India which were begun during his visit to Washington and which have been held up pending our instructions.

At the present time nine tax conventions with six different countries are in effect. We have treaties dealing with income taxes with Sweden, France, Canada, the Netherlands, the UK, and Denmark; and those covering death taxes with Canada, France and the UK. Treaties have been negotiated and signed during the past year with Belgium, Norway and Ireland and are awaiting approval by the US Senate. Income and estate tax conventions have just been signed with Greece and will also be submitted to the Senate in the near future. The Senate Foreign Relations Committee also has before it treaties with South Africa and New Zealand.²

² Later in 1950 supplementary income tax and estate tax treaties were signed with Canada (June 12) and supplementary protocols were signed to the income tax and estate tax treaties with the Union of South Africa which were then before the U.S. Senate (July 14). For Department of State announcements concerning these signatures, see Department of State *Bulletin*, June 26, 1950, p. 1056, and August 7, 1950, p. 218, respectively. On July 20 notes were signed and exchanged, constituting an agreement, between the United States and Argentina for the avoidance, on a reciprocal basis, of double taxation on earnings derived from the operation of ships and aircraft, and entered into force immediately. For texts of the notes, see *ibid.*, August 7, 1950, pp. 216-217.

611.00921/7-2150

Memorandum by the Deputy Director of the Office of Financial and Development Policy (Spiegel) to the Assistant Secretary of State for Economic Affairs (Thorp)

[WASHINGTON,] July 21, 1950.

[Here follows an exposition of the status of the tax treaty program.]

Tax treaty negotiations with American republics are close to definite collapse. The Treasury is firmly refusing to accept any treaty innovation designed to stimulate American private investment abroad by reductions in United States income tax rates on income derived by Americans and American corporations from investments abroad. So far there has been no public avowal that negotiations are proving or are likely to prove futile. The matter has not been thoroughly talked out between the State and Treasury Departments pending further trial of the possibility of drafting mutually acceptable treaties.¹

Failure with the American republics would probably mean failure with underdeveloped countries elsewhere, such as India and Pakistan. If we get a treaty with Australia, it will result from Australia adopt-

¹ This situation is further discussed in the editorial note, *infra*.

ing a dynamic policy of economic expansion with the cooperation of American private investments.

Editorial Note

At the Ninth International Conference of American States held at Bogotá in 1948, certain of the governments proposed that the American republics become parties to a multilateral treaty providing that income be taxed only by the government of the country in which the income was produced. The United States opposed this principle and obtained adoption, instead, of a resolution that each American state should, within the framework of its own institutions, seek to liberalize its tax laws so as progressively to reduce or eliminate double taxation on income from foreign sources and to avoid unduly burdensome and discriminatory taxation without, however, creating international means for tax avoidance. The states also agreed to seek conclusion as soon as possible of agreements to prevent double taxation.

A treaty with Colombia for the avoidance of double taxation was signed *ad referendum* at Bogotá in November 1949, following detailed negotiations. It contained tax incentive provisions which would have eased United States income tax charges on the profits earned in Colombia by United States companies. Such preferences were opposed, however, at high levels in the United States Department of the Treasury. As a result this treaty was not presented to Congress.

Brazil requested a double taxation treaty, but it was known that Brazil desired even more liberal tax incentives than were provided in the Colombian draft. The Brazilian concept involved a virtual return to the pre-Bogotá positions, in that United States capital invested in Brazil would be subject to income tax charges only at the source of profit.

In the two years or so following the Bogotá Conference, discussions had been begun or were contemplated also with Argentina, Cuba, Ecuador, Mexico, Uruguay, and Venezuela, but after the Treasury Department withheld approval of the Colombian treaty, the Department of State felt that until that Department decided what type of concessions it would approve, no further negotiations should be held with any other American republic. An impasse developed, therefore, and the program of concluding treaties for the avoidance of double taxation with underdeveloped countries went into abeyance at the end of 1950. A limited agreement was signed with Argentina, however, on July 20, which provided for the avoidance of double taxation on earnings derived from the operation of ships and aircraft (see footnote 2, page 689).

For further information on this subject, see *Ninth International Conference of American States, Bogotá, Colombia, March 30-May 2, 1948: Report of the Delegation of the United States of America, With Related Documents* (Department of State Publication 3263). Relevant documentation is in the Department's decimal file 611.**92 (substitute appropriate country number) and the issues of the Department of State classified weekly bulletin, *Current Economic Developments*, 1950, in Lot File 70D467, Box 19850.

MATTERS RELATING TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)¹

I. THE PROBLEM OF QUANTITATIVE RESTRICTIONS ON EXPORTS AND IMPORTS

International Trade Files, Lot 57D284, Box 162²

Department of State Press Release, January 1, 1950

CALENDAR OF TRADE AGREEMENTS

Countries which are contracting parties to the General Agreement on Tariffs and Trade concluded at Geneva, Switzerland, in 1947³ are indicated below by asterisks. Those contracting parties with which the United States had concluded bilateral trade agreements before the negotiation of the General Agreement are indicated by double asterisks and the present status of the earlier agreements is shown in the list on the following page.

At Annecy, France, in 1949 the United States and other contracting parties to the General Agreement negotiated with 10 other countries for accession of the latter to the agreement. These new acceding countries are: Denmark, the Dominican Republic, Finland, Greece, Haiti, Italy, Liberia, Nicaragua, Sweden, and Uruguay. Of these only Haiti has completed the necessary steps in order to accede to the agreement and United States concessions initially negotiated with that country will become effective on January 1, 1950. The other acceding countries have until April 30, 1950, to take similar action. The United States will not give effect to the concessions initially negotiated with these countries until such action is taken.

¹ Continued from *Foreign Relations*, 1949, vol. I, pp. 651 ff.

² Comprehensive collection of files on commercial trade policy, the question of an international trade organization, and the negotiation, conclusion, and operation of the General Agreement on Tariffs and Trade (GATT), as assembled and maintained in various economic offices of the Department of State principally during the years 1934-1951.

³ For the text of the Protocol of Provisional Application of the General Agreement on Tariffs and Trade, concluded at Geneva, Switzerland on October 30, 1947, see Department of State Treaties and Other International Acts Series (TIAS) No. 1700 or 61 Stat. (pts. 5 and 6). For documentation on the Geneva negotiations leading to the conclusion of the General Agreement, see *Foreign Relations*, 1947, vol. I, pp. 909 ff. For bibliographic and historical information regarding GATT, see *ibid.*, 1949, vol. I, p. 651, footnote 2.

The United States signed a trade agreement with Colombia on September 13, 1935. This agreement went into effect on May 20, 1936 and by joint agreement between the two countries was terminated as of December 1, 1949.

| <i>Country</i> | <i>Date concluded</i> | <i>Date effective</i> |
|------------------------|---------------------------|---------------------------|
| Argentina | Oct. 14, 1941 | Nov. 15, 1941 |
| Australia* | Oct. 30, 1947 | Jan. 1, 1948 |
| Belgium** | Oct. 30, 1947 | Jan. 1, 1948 |
| Brazil** | Oct. 30, 1947 | July 31, 1948 |
| Burma* | Oct. 30, 1947 | July 30, 1948 |
| Canada** | Oct. 30, 1947 | Jan. 1, 1948 |
| Ceylon* | Oct. 30, 1947 | July 30, 1948 |
| Chile* | Oct. 30, 1947 | Mar. 16, 1949 |
| China* | Oct. 30, 1947 | May 22, 1948 |
| Costa Rica | Nov. 28, 1936 | Aug. 2, 1937 |
| Cuba** | Oct. 30, 1947 | Jan. 1, 1948 |
| Czechoslovakia** | Oct. 30, 1947 | Apr. 21, 1948 |
| Ecuador | Aug. 6, 1938 | Oct. 23, 1938 |
| El Salvador | Feb. 19, 1937 | May 31, 1937 |
| Finland | May 18, 1936 | Nov. 2, 1936 |
| France** | Oct. 30, 1947 | Jan. 1, 1948 |
| Guatemala | Apr. 24, 1936 | June 15, 1936 |
| Haiti** | Oct. 10, 1949 | Jan. 1, 1950 |
| Honduras | Dec. 18, 1935 | Mar. 2, 1936 |
| Iceland | Aug. 27, 1943 | Nov. 19, 1943 |
| India* | Oct. 30, 1947 | July 9, 1948 |
| Iran | Apr. 8, 1943 | June 28, 1944 |
| Lebanon* | Oct. 30, 1947 | July 30, 1948 |
| Luxembourg** | Oct. 30, 1947 | Jan. 1, 1948 |
| Mexico | Dec. 23, 1942 | Jan. 30, 1943 |
| Netherlands** | Oct. 30, 1947 | Jan. 1, 1948 |
| New Zealand* | Oct. 30, 1947 | July 31, 1948 |
| Nicaragua† | Mar. 11, 1936 | Oct. 1, 1936 |
| Norway* | Oct. 30, 1947 | July 11, 1948 |
| Pakistan* | Oct. 30, 1947 | July 31, 1948 |
| Paraguay | Sept. 12, 1946 | Apr. 9, 1947 |
| Peru | May 7, 1942 | July 29, 1942 |
| Southern Rhodesia* | Oct. 30, 1947 | July 12, 1948 |
| Sweden | May 25, 1935 | Aug. 5, 1935 |
| Switzerland | Jan. 9, 1936 | Feb. 15, 1936 |
| Syria* | Oct. 30, 1947 | July 31, 1948 |
| Turkey | Apr. 1, 1939 | May 5, 1939 |
| Union of South Africa* | Oct. 30, 1947 | June 14, 1948 |
| United Kingdom** | Oct. 30, 1947 | Jan. 1, 1948 |
| Uruguay | July 21, 1942 | Jan. 1, 1943 |
| Venezuela | Nov. 6, 1939 | Dec. 16, 1939 |

†The duty concessions and certain other provisions of this agreement **ceased to** be in force as of March 10, 1938. [Footnote in the source text.]

Countries with which the United States had concluded bilateral trade agreements previously to their becoming contracting parties to the General Agreement, and the present status of these previous agreements, are as follows :

| <i>Country</i> | <i>Signed</i> | <i>Effective</i> | <i>Present status</i> |
|------------------------|---------------|------------------|-----------------------|
| Belgium | Feb. 27, 1935 | May 1, 1935 | Inoperative |
| Brazil | Feb. 2, 1935 | Jan. 1, 1936 | Inoperative |
| Canada (1st agreement) | Nov. 15, 1935 | Jan. 1, 1936 | Superseded |
| “ (2nd agreement) | Nov. 17, 1938 | Jan. 1, 1939 | Inoperative |
| “ (1st fox fur) | Dec. 30, 1939 | Jan. 1, 1940 | Superseded |
| “ (2nd fox fur) | Dec. 13, 1940 | Dec. 20, 1940 | Terminated |
| Cuba | Aug. 24, 1934 | Sept. 3, 1934 | Inoperative |
| “ (1st supplementary) | Dec. 18, 1939 | Dec. 23, 1939 | Inoperative |
| “ (2nd supplementary) | Dec. 23, 1941 | Jan. 5, 1942 | Inoperative |
| Czechoslovakia | Mar. 7, 1938 | Apr. 16, 1938 | Terminated |
| France | May 6, 1936 | June 15, 1936 | Inoperative |
| Haiti | Mar. 28, 1935 | June 3, 1935 | Superseded |
| Luxemburg | Feb. 27, 1935 | May 1, 1935 | Inoperative |
| Netherlands | Dec. 20, 1935 | Feb. 1, 1936 | Inoperative |
| United Kingdom | Nov. 17, 1938 | Jan. 1, 1939 | Inoperative |

Editorial Note

During the year 1950 there were two sessions of the Contracting Parties (CP's) of the General Agreement on Tariffs and Trade (GATT) : at Geneva, Switzerland, February 23–April 3, and at Torquay, England, November 2–December 16. Additionally, the “third round” of tariff negotiations under GATT was initiated at Torquay on September 28. Because of the technical complexity of the issues and the volume of documentation, the treatment here has necessarily been very selective. A principal effort of the United States at the Fourth and Fifth Sessions of the Contracting Parties was focussed on the question of the trading practices of the participating governments and the effect of such practices, in the form of import and export controls (restrictions), on the basic GATT objective of the general reduction of barriers to international trade. Three of the units of documentation that follow are concerned with these matters. A fourth unit has to do with organizational problems : specifically, the change in United States policy with respect to the proposed International Trade Organization and the relationship between that problem and the question of establishing a continuing administration for GATT. These were matters considered at either or both the Fourth and Fifth Sessions of the Contracting Parties. The last two units are concerned with aspects of the United States negotiating position with respect to the tariff discussions which opened at Torquay on September 28. Documentation on the actual tariff negotiations is scheduled for publication in *Foreign Relations*, 1951, volume I.

International Trade Files, Lot 57D284, Box 112

*Position Paper for the United States Delegation to the Fourth Session of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT)*¹

CONFIDENTIAL

[WASHINGTON, February 1, 1950.]

TAC D-53/50²

QUANTITATIVE RESTRICTIONS ON EXPORTS³

THE PROBLEM

For a variety of reasons, many of the contracting parties to the GATT maintain quantitative restrictions on their exports. Many of these export restrictions appear entirely consistent with various provisions of the GATT, but a significant number of such restrictions appear to be at variance with those provisions. The problem is to determine a position with respect to export restrictions at the next session of the Contracting Parties.

RECOMMENDATION

See last section of Discussion, "Suggested course of action".

DISCUSSION

The present situation—The export restrictions now in effect among GATT member countries have been built up over a long period of

¹ The Fourth Session of the Contracting Parties (CP's) (not to be confused with a tariff negotiating "round") was scheduled to convene in Geneva on February 23. Regarding the United States Delegation to this session, see Department of State *Bulletin*, February 27, 1950, p. 339.

² This was a document of the Interdepartmental Committee on Trade Agreements (TAC). TAC had had a continuous existence from June 23, 1934, when it was established by letter of the Secretary of State directed to the heads of the various departments and agencies concerned with matters of foreign trade. The governing Executive Order at this time was E.O. 10082, October 5, 1949 (see *Foreign Relations*, 1949, vol. I, p. 723, footnote 2). The membership in 1950 consisted of the Departments of State, Agriculture, Commerce, Labor, Defense, and the Treasury, the Economic Cooperation Administration (ECA), and a Commissioner of the United States Tariff Commission. TAC was the highest-level policy-formulating body in the Executive Branch on trade agreements (and from 1947, GATT) policy, making final recommendations to the President relative to the conclusion of trade agreements and for the provisions to be included therein. (The work at the operational level was done by a number of country subcommittees responsible for preparing material with respect to designated countries and areas.) A master file of TAC minutes and documents for the years 1934-1953 is found in Department of State Lot File No. 59D599.

³ The State Department was very anxious to have this issue discussed at the CP's fourth session, although some members of the committee showed a certain disinclination. At a TAC meeting on February 6, the State member expressed the opinion ". . . that the export restrictions are clearly not in accord with one of the GATT provisions. . . . the provisions of an international agreement die when not used. . . . the time seemed ripe to bring up the question of the violation of the GATT by export restrictions. . . ." (TAC M-35/50 and 36/50, Feb. 6, 1950, Lot 59D599, Box 302)

time and with a variety of motivations. Long before World War II for example, export restrictions were being imposed by various countries with protective objectives; the prohibition on the export of tobacco seed by the U.S. is a case in point. Since World War II, an extensive system of export restrictions has been developed by most countries of the world for various other purposes, such as to control the flow of materials relating to military security, to control the export of products subsidized or price-fixed at home, to control the export of products in short supply, and so forth.

For the most part, however, export restrictions have been imposed since the end of the war as adjuncts of the network of bilateral trade agreements which were developed by most countries of the world to meet existing payments difficulties. These agreements have had infinite variety, to accommodate the special problems of each pair of countries. In general, however, they have commonly contained agreements by each country on at least two lists of products: one list for which country A agreed to issue export licenses and country B to issue import licenses, thereby making possible the export of those products from A to B; and a second list for which country B was committed to issue the export licenses and country A import licenses, thus clearing the way for exports from B to A. The two lists were calculated so that, if the transactions in contemplation were in fact consummated, the currency flowing each way would be about equal; in that way, neither country would have to make a net payment to the other in settlement of trade between them.

As long as countries lacked the means to pay for the goods of other countries and as long as most products were in short supply, it was essential in the operation of a bilateral trading system that extensive export and import controls be maintained. In the absence of import controls, the consumers of any country might make inordinate purchases of the goods that another country was glad to export, thereby imperilling the importing country's program for the acquisition of products basic to the continued operation of its economy. And, conversely, if export controls were abandoned, commodities in scarce supply might be drained off from the country lacking such controls, thereby imperilling the operation of its economy.

However, as the system of bilateral trade agreements has come to be extended and refined, added motivations have begun to develop for the retention of export controls. Some of these added motivations have been:

(1) Countries extensively engaged in the export of so-called non-essential products, notably Holland, Belgium, Switzerland, France and Italy, have found it desirable to retain export controls upon products desired by other countries in order to use their release as a bargaining weapon for obtaining commitments from the other coun-

try to the licensing of certain minimum volumes of non-essential import products. Belgium, for example, is understood to be maintaining export licenses on steel products which are in plentiful supply in Belgium, in order to be in a position if necessary to create shortages in the markets of countries where Belgian steel occupies an oligopolistic position. This bargaining position is then used to assure the acceptance by the other country of Belgian glass, lace, vegetables, and similar products.* Indeed, in a review of its quantitative restrictions before an OEEC group last October, Belgium stated that it would be her policy to restrict exports to debtor countries by "an equal percentage in all categories across the board to maintain a balance between essentials and less essentials".† Similarly, Italy in April 1949 was understood to be licensing the export of steel to Austria and to be requiring Austrian steel buyers to bargain with Italian *vegetable* exporters in order to obtain steel export permits.‡

(2) A second motivation in maintaining export restrictions, closely analogous to the first, was to use such restrictions as a means of bargaining for products from trading partners which were in short supply.

(3) In addition, countries desirous of fostering their fabricating industries have restricted the export of the raw materials and semi-processed products of those industries but have been more liberal in licensing the export of finished products. This practice has persisted in some cases, even though no shortage of raw materials or semi-processed products exists in the exporting country to justify the maintenance of the restrictions.§ Thus, South Africa requires exporters to sell 75% of their cattle hides and 50% of their goatskins to local tanners.|| Similarly, the Dominican Republic and Haiti maintain a prohibition on the export of mahogany and certain other hardwoods for the dual purpose of conservation and the protection of local handicraft industries.¶ Similarly, Brazil prohibits the export of Hevea rubber plants** and oiticica (a source of drying oil) seeds††; Indonesia prohibits the export of coffee and oil palm planting

* Cf. ECE, "Economic Survey of Europe in 1948", reprinted as Committee Print of U.S. H. Rep., Com. on For. Affairs, p. 93: "Moreover, Belgium was able to press its trading partners to accept considerable quantities of less essential goods as a condition for the sale of scarce items." [Footnote in the source text.]

† Repto Tel. 7038, Paris, Oct. 25, 1949, Confidential. [Footnote in the source text. Documents cited in source text footnotes have not been verified or otherwise accounted for.]

‡ Report on Efforts being made by Participating Countries to Reduce or Eliminate Trade Barriers, Bilateral Trade Treaties Desk, Trade Section, OSR, Paris, p. 10, Confidential. [Footnote in the source text.]

§ This practice has resulted in many of the so-called "dual pricing" situations found in Europe today. [Footnote in the source text.]

|| Tel. No. 8, Pretoria, Jan. 9, 1950, Confidential. [Footnote in the source text.]

¶ Foreign Commerce Weekly, Vol. XV, No. 11, June 10, 1944, p. 16, and *id.*, Vol. XXVII, No. 5, May 3, 1947, p. 15. [Footnote in the source text.]

** Memo from C. O. Erlanson, Assoc. Head, Div. of Plant Exploration and Introduction to S. B. Fracker, Research Coordinator, Agric. Research Adm., June 9, 1949. [Footnote in the source text.]

†† Decree Law No. 904, Nov. 30, 1938, cited in memo to E. R. Sasscer, In Charge, Div. of For. Plant Quarantines, Dept. of Agric., June 14, 1949. [Footnote in the source text.]

materials;†† and Denmark closely restricts the export of Landrace hogs.§§

(4) Countries desirous of assisting their individual exporters to avoid price-cutting among themselves in their foreign sales have required that such sales be made at stated minimum prices, as a condition for the acquisition of export licenses. Such situations are understood to exist with respect to Swedish pulp and Indian mica,||| and are probably quite widespread in other cases. At times, this practice may be motivated by balance-of-payments considerations, that is, by an effort to maximize the return on foreign sales in scarce currencies. But the probability is that the practice is much more commonly motivated by the simpler commercial objective of assisting a local industry in the attainment of an oligopolistic or monopolistic position in its sales.

In some degree, the situations described above will tend to correct themselves, as shortages disappear and competition is intensified in international trade. But, at best, competition in many major products will remain less than perfect and oligopolistic situations will not be uncommon. Accordingly, the probability is that the kinds of restriction described above will commonly persist in significant volume in the absence of corrective action. The purpose of this paper is to explore the measures which might be taken at the forthcoming GATT session which would contribute to the elimination of such situations.

The relevant GATT provisions—The general rule of the GATT on the subject of export restrictions is contained in Article XI, paragraph 1, which provides :

“No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import licenses, or other measures, shall be instituted or maintained by any contracting party on the . . . exportation or sale for export of any product destined for the territory of any other contracting party.”

Paragraph 3 of the same Article defines “export restrictions” as including restrictions made effective through state trading operations.¶¶

There are a number of major exceptions to this general prohibition, which considerably limit the applicability of the general rule. To begin with, under the Protocol of Provisional Application, the part of the Agreement relevant to this problem is applied only provisionally, that

†† Export Ordinance Nos. 560, Nov. 23, 1935, and 623, Nov. 19, 1936, cited in memo in preceding fn. [Footnote in the source text.]

§§ Memo from B. T. Simms, Chief, Bur. of Animal Ind., to B. T. Shaw, Acting Administrator, Agric. Research Adm., July 7, 1949. [Footnote in the source text.]

||| A-1112, New Delhi, Oct. 27, 1949, Unclassified. [Footnote in the source text.]

¶¶ Presumably this provision would not go so far as to prohibit minimum sale prices by a state export monopoly where such sale prices could be analogized to the maintenance of an export tariff. But it might well prohibit such price maintenance where the analogy could not be so drawn. [Footnote in the source text.]

is, "to the fullest extent not inconsistent with existing legislation". Thus, the U.S. prohibition on the export of tobacco seed, which is required by law, and certain similar export restrictions on agricultural products which were cited earlier in this paper are not subject to the interdiction of Article XI, paragraph 1.*

Other significant exceptions to that paragraph are to be found in the Agreement proper. One group of such exceptions applies to situations arising out of commodity shortages. Paragraph 2(a) of Article XI provides that the general rule of paragraph 1 shall not extend to "export prohibitions or restrictions temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting . . . country". This exemption, however, does not relieve the contracting party applying restrictions from the nondiscriminatory, most-favored-nation provisions of the GATT.

Article XX, paragraph I(i) exempts from all the provisions of the GATT, except the nondiscrimination provisions, any measures "involving restrictions on exports of domestic materials necessary to assure essential quantities of such materials to a domestic processing industry during periods when the domestic price of such materials is held below the world price as part of a governmental stabilization plan; *Provided* that such restrictions shall not operate to increase the exports of or the protection afforded to such domestic industry, and shall not depart from the provisions of this Agreement relating to nondiscrimination . . .", and subject to the further requirements that such measures are not applied in a manner which would constitute a disguised restriction on international trade. Finally, Article XX, paragraph II(a) exempts from all the provisions of the GATT until not later than January 1, 1951 any measures essential to the acquisition or distribution of products in general or local short supply, or essential to the control of prices by a contracting party undergoing shortages subsequent to the War; but here again arbitrary or unjustifiable discrimination is not tolerable and the principle must be observed that all contracting parties are entitled to an equitable share of the international supply of the scarce product.

In addition to exemptions relating to shortage situations, exemptions are to be found in Articles XI and XX for restrictions imposed on a number of other grounds. Among those which are especially relevant to the problem considered in this paper are "Export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading or marketing of commo-

*The present policy of the Executive Branch is, of course, to obtain the elimination of these restrictions by legislative action, in connection with the ratification of the ITO Charter. [Footnote in the source text.]

ties in international trade . . .” (Article XI, paragraph II(b)). The phrase “restrictions necessary to the . . . marketing of commodities . . .” is presumably to be construed narrowly in view of its context. Another relevant exception which should be noted is that applicable to measures which are “necessary to secure compliance with laws and regulations which are not inconsistent with this Agreement, including those relating to . . . the enforcement of [state trading] ⁴ monopolies . . .”.

Another important exception is found in Article XIV, paragraph 4, which authorizes export controls by countries in balance-of-payments difficulties where such controls are necessary to divert the country's export to hard-currency markets.

Finally, the general exemption contained in Article XXI under the heading of “Security Exceptions” is, of course, applicable to export restrictions.

It is reasonably clear that export restrictions cannot be justified on the basis of the balance-of-payments exceptions to the GATT, except in connection with hard-currency set-aside schemes of the kind contemplated by Article XIV, paragraph 4. The general rule with respect to these exceptions appears first of all in Article XII, paragraph 1; but that paragraph is limited to *import* restrictions. Paragraph 2, which amplifies paragraph 1, contains the same limitation. And Article XIV, which authorizes the discriminatory application of quantitative restrictions under certain circumstances, limits that authorization to restrictions applied “under Article XII”, i.e., to import restrictions.†

It is also evident that, except for the exemption provided by the Protocol of Provisional Application and by the Security Exceptions Article, countries are not justified under any GATT exception in following a policy of using the release of scarce materials as a bargaining weapon in bilateral agreements, wherever such bargaining leads (as it necessarily must) to a discriminatory pattern of such restrictions.

Tactical pro's and con's—If the U.S. should decide to raise the issue of export restrictions at the next Session of the GATT, the likelihood

⁴ Brackets appear in the source text.

† Article XV, paragraph 9, provides that “nothing in this Agreement shall preclude . . . the use by a contracting party of restrictions or controls on imports or exports, the sole effect of which . . . is to make effective . . .” exchange controls or exchange restrictions in accordance with the Articles of Agreement of the International Monetary Fund. While this might be used as a basis for justifying export restrictions in some circumstances, it is difficult to see how such justification could apply to any restrictions other than those related to export set-aside schemes. [Footnote in the source text.]

is that a discussion of the issue will create certain difficult and delicate problems.

In the first place, Czechoslovakia will almost certainly seize the occasion again to press its complaint that existing U.S. export controls are in violation of the GATT. This issue was raised at Annecy and was the occasion of extensive debate and recrimination.

On the other hand, it is clear that the Czech position would be defeated if pressed to a vote before the contracting parties; this is even more certain than it was at Annecy, since in the interim closer agreement on export licensing controls has been reached with a number of OEEC countries which are also GATT countries. Moreover, the probability is that the time devoted to the Czech charges could be limited substantially more than was the case at Annecy, in view of the fact that this would be a repeat performance on which the contracting parties had already expressed themselves. In any case, if the U.S. were to decide to raise the export restriction issue, it would be well to consult with the Chairman of the Contracting Parties in advance to determine how best to limit any discussion which the Czechs might precipitate.

Another moderately embarrassing problem arises out of the fact that the U.S. is required by law to maintain certain export restrictions, i.e., the restriction on the export of tobacco seed, which would be in violation of the GATT provisions were it not for the Protocol of Provisional Application. Moreover, the U.S. is an indirect party to the restrictions on the export of rubber tree strains which are maintained by a number of Latin American countries party to the GATT.

Nevertheless, there are compelling reasons for raising the issue of export restrictions at this time. The most compelling is the fact that the protective incidence of existing export restrictions is becoming far more widely appreciated and recognized than has heretofore been the case. Current deliberations within the OEEC on the subject of dual pricing have served to highlight the abuses practiced through export restrictions. To date none of the complainant countries appears to have invoked the relevant GATT provisions either because of a failure to appreciate the relevance of these provisions or because of a judgment that the use of the GATT commitment would prove ineffectual. An effective contribution by the GATT to a problem of such general interest and importance would contribute substantially to its prestige and the general level of its future effectiveness.

Moreover, the economic benefits to be derived from the lifting of export restrictions inconsistent with the GATT would clearly be substantial. The immediate economic benefits to be derived from the lifting of such restrictions to the extent that they were inconsistent with the GATT would be substantial in themselves. In addition, effective

limitations on the use of export restrictions would in turn limit the effectiveness of the bilateral trade agreement as a technique in trade bargaining and thus would influence countries in their future decisions on the extent to which resort should be had to such agreements. Finally, the elimination of certain export restrictions would remove the justification for many import restrictions which now are rationalized as being a necessary offset to the export restrictions of other countries.‡

Suggested course of action—The following course of action is suggested:

(1) The U.S. should place the subject of export restrictions on the agenda for the Fourth Session.

(2) The U.S. should make a statement in plenary session introducing the problem. The statement should be couched in terms designed to avoid the "policeman" kind of approach; it should deal with the problem as one with which all the contracting parties are jointly concerned. The statement should cover the following points:

(a) That there are increasing indications of the existence of export restrictions in effect by GATT members under circumstances not sanctioned by the GATT;

(b) That the situation appears to be sufficiently widespread to justify the attention of the collective Contracting Parties, rather than placing reliance solely upon the complaints of individual contracting parties;

(c) That a working party should be set up to recommend measures by the Contracting Parties to deal with the situation.⁵

(3) The U.S. should then seek agreement in the working party and among the Contracting Parties on the following points:

(a) An agreement that, subject to the provisions of the Protocol of Provisional Application, export restrictions designed with certain express objectives, e.g., tie-in sales, bargaining for short-supply items of other countries, protection of processing industries, prevention of price cutting, whether used in connection with the bargaining of bilateral agreements or otherwise, violate the provisions of the GATT;

(b) A request that the individual contracting parties review their existing export restrictions in the light of the GATT provisions, notably Articles XI and XIII, and the Contracting Parties' conclusions pursuant to this resolution, and undertake

‡ For example, the Dutch justify the maintenance of quantitative restrictions on imports of Swedish furniture on the grounds that the Swedes are preventing the export of timber to the Dutch furniture industry except at prices well in excess of those paid by Swedish furniture manufacturers. [Footnote in the source text.]

⁵ This subparagraph initially read: "(c) That a working party should be set up to develop the next steps which the Contracting Parties should take to consider or to deal with the situation." The change was made by TAC at its February 6 meeting.

such revisions as may be necessary to bring them into conformity with those provisions and conclusions;

(c) A recommendation that contracting parties who consider themselves adversely affected by export restrictions of other contracting parties which appear inconsistent with the provisions of the GATT should avail themselves of the consultation procedures provided for in the GATT, with a view to ironing out their difficulties;

(d) An instruction to the Secretariat to circulate the contracting parties prior to the next Session with a questionnaire on their existing quantitative restrictions on exports as defined in Article XI, except those subject to the Security Exception provision and the Protocol of Provisional Application, such questionnaire to call for a description of each such restriction and an indication of the GATT provision which exempts such restrictions from Article XI, paragraph 1.⁶

* At its February 6 meeting TAC deleted a final subparagraph ("e"), which would have instructed the Secretariat to prepare a request based on the questionnaire.

As a result of these actions, the United States Delegation submitted to the fourth session of the CP's a memorandum, "Review of Application of Quantitative Restrictions on Exports designed to Stimulate Exports or to Afford Protection to Domestic Industry" (Doc. GATT/CP.4/14, Feb. 23, 1950, Lot 57D284, Box 112).

International Trade Files, Lot 57D284, Box 110

*Position Paper for the United States Delegation to the Fourth Session of the Contracting Parties to GATT*¹

SECRET

[WASHINGTON,] February 16, 1950.

TAC D-80/50

CERTAIN ASPECTS OF QUANTITATIVE IMPORT RESTRICTIONS

THE PROBLEM

Two separable problems with respect to quantitative import restrictions may be considered in the Fourth GATT Session:

I. What can be done to reduce the protective incidence of quantitative import restrictions whose ostensible purpose is to protect a country's balance of payments?

II. What position should the U.S. take with respect to the discriminatory application of quantitative restrictions as against different countries, where the difference in treatment is not justified on balance-of-payments grounds?

¹ Adopted by TAC at its meeting on March 3, 1950 (Doc. TAC M-65/50, March 3, 1950, Lot 59D599, Box 302), with revision noted in bracketed note on p. 713.

RECOMMENDATIONS

See pages 12 to 14 and 21 to 23, below under headings "Proposed action".

DISCUSSION

I. *The Protective Incidence Problem*

The present situation. A very high proportion of international trade is conducted today in accordance with the provisions of bilateral trade agreements. Immediately after World War II, these agreements were highly restrictive in form: They typically contained a list of products for which country A agreed to issue export licenses and country B to issue import licenses, thereby making possible the export of those products from A to B; and a second list for which country B was committed to issue the export licenses and country A import licenses, thus clearing the way for exports from B to A. The two lists were calculated so that, if the transactions in contemplation were in fact consummated, the currency flowing each way would be about equal; in that way, neither country would have to make a net payment to the other in settlement of trade between them.

The motivations leading to these bilateral agreements were extremely complex. To begin with, both countries were anxious to obtain as much as they could of products in short supply available in the other country and to limit their own exports of short-supply products to a minimum. Moreover, the country which would have been a debtor in the absence of restrictions between the two countries was anxious to limit its purchases to an amount not in excess of its sales, in order to avoid the payment of scarce reserves in settlement of the bilateral balance.*

As the scarce supply situation has tended to improve, bilateral agreements between countries in Western Europe have become less restrictive in form.† Since the need to obtain export commitments on the part of other countries has substantially declined, bilateral agreements have been tending more and more to be written in terms of commitments to grant import licenses, with no express commitments on the export side. Moreover, the commitments regarding imports have become increasingly liberal: A number of countries have recently followed a policy of agreeing to the unrestricted import of certain prod-

* Other motivations also existed, among which was a desire of promoting the export of non-essential products. [Footnote in the source text.]

† This observation and those which follow do not apply to bilateral agreements involving East-West trade in Europe. [Footnote in the source text.]

ucts from some of the countries with which they have bilateral trade agreements. This trend has culminated in a new pattern which has emerged in recent months, particularly in agreements to which Germany and Belgium have been parties, namely, a pattern which provides that all products should be imported freely from the other country party to the bilateral agreement, except for an enumerated list of restricted or prohibited imports.‡

These liberalizing trends have, of course, been given great impetus by the OEEC trade liberalization program.² OEEC countries have been required under this program to eliminate quantitative restrictions on imports from other OEEC countries on products which in the aggregate cover at least 50 percent of the privately-traded imports from those countries in a previous base period; the 50 percent standard has had to be met separately for foodstuffs, raw materials, and manufactured products. Moreover, the OEEC countries are committed in principle to the progressive elimination of such restrictions among themselves.§

The protective element in import restrictions. It is, of course, axiomatic that any system of import control of the kind associated with bilateral agreements tends to determine not only the volume but also the composition of the imports of the controlling country. It follows, therefore, that any system of quantitative restrictions on imports, whether or not developed for the bona fide purpose of dealing with a current balance-of-payments difficulty, almost invariably has a significant protective incidence. For such a restriction, unless accompanied by the most severe limitations upon domestic capital investment, is bound to stimulate the production of commodities which are directly or partially competitive with those excluded. Indeed, one could hardly take issue with a country if, in the development of a scheme of quantitative restrictions genuinely intended to meet a balance-of-payments difficulty, it developed its list of restricted products

‡ There is no reliable evidence available to indicate whether these liberalizing tendencies have developed in bilateral agreements between Western European and non-European countries. The likelihood is that they have not. [Footnote in the source text.]

² For documentation on the OEEC, see vol. III, pp. 611 ff.

§ See OEEC Council Decision, Paris, July 4, 1949, C(49)88 (Final), Restricted, which provides in part:

"That participating countries shall forthwith take the necessary steps for the progressive elimination of quantitative import restrictions between one another, in order to achieve as complete a liberalization of intra-European trade as possible by 1950." [Footnote in the source text.]

on the basis of the degree to which alternative domestic sources could be created.||

Nevertheless, many of the devices which have been developed and justified by GATT members as part of the mechanism for dealing with their current balance-of-payments difficulties contain features whose prime or sole motivation is clearly the protection of domestic industry, rather than the protection of monetary reserves. While the importance of the protectionist objective as a motivation in the development of seeming balance-of-payment import restrictions had always been recognized in the abstract, events arising out of the current OEEC trade liberalization program have suggested that the relative importance of the protectionist objective may be far greater than is generally appreciated.

During the course of discussions before the OEEC Trade Committee, representatives of a number of major European countries readily agreed that the quantitative restrictions on imports imposed by their respective countries on certain major commodities were primarily for protectionist, rather than balance-of-payments, purposes. Thus, the French asserted that some of their quantitative restrictions were intended to protect their fresh fruit and vegetable industry and to prevent German competition; the Belgians asserted that their reason for excluding some 30 percent of their imports from the lists to which the liberalizing measures were applicable was to protect home industries; the Irish stated that a small range of commodities was subject to quota for protective purposes; the Dutch stated that their failure to include some 21 percent of imports in lists of liberalized products was for the purpose of protecting young industries; and the Portuguese, Swedes, Swiss, Italians, Germans and Danes made similar observations.¶

As a result of these ready admissions, and of its qualitative judgment of the significance of the measures of liberalization offered by the various OEEC countries, the Central Group of the OEEC summarized the situation as follows:

"It appears that most countries have limited their proposals to those commodities in which domestic producers will suffer least from

|| One might conceivably insist that a country in balance-of-payments difficulties should refuse to permit the creation or expansion of domestic industries whose foreign competitors have been excluded, particularly where such creation or expansion would require the diversion of domestic resources from other uses in which they would otherwise be fully employed. Although such a position might be justifiable on the grounds that it would help avoid the development of new vested interests anxious to retain quantitative restrictions, it is probably not a negotiable position at this time. [Footnote in the source text.]

¶ For a more detailed presentation of these statements, see Annex A attached. [Footnote in the source text. Annex A not printed.]

free competition with other participating countries. . . . The liberalization of trade in Europe is hampered by the desire of member countries to retain some measure of protection. In certain cases it is even possible that the desire for protection may be the true motive for the maintenance of quantitative restrictions while payment difficulties are only the pretext. In most cases this attitude arises from the fact that most countries fear the changes in the structure of their economy which may result from the liberalization of trade. . . . Countries subject to *de facto* discrimination, particularly because of their creditor position in Europe, are avoiding the adoption of measures of liberalization on too large a scale in order to retain a bargaining counter. They are stressing the reciprocity which they expect from other countries in such a way as to safeguard both the volume and the nature of their exports.”**

It is reasonably evident that the practice of employing ostensible balance-of-payments quantitative restrictions for protective purposes is not confined to OEEC countries alone. Most non-OEEC countries under circumstances similar to those which led to the admissions by OEEC countries summarized above, would have been obliged to make similar admissions.††

Notwithstanding the admissions in the OEEC and the almost universal judgment of experts that ostensible balance-of-payments restrictions now in effect throughout the world contain protectionist elements not necessary for the achievement of balance-of-payments objectives, only a few specific cases have been found in which this fact is evident on its face beyond any serious possibility of rebuttal.

Those cases are provided by several of the new type of bilateral agreement—the type which eliminates quantitative restrictions between the trading partners on all products except those listed in the agreement. In general these agreements represent a substantial advance over the traditional form of bilateral trade agreement which tends to limit trade to those products listed in the agreement. At the same time, the new form of agreement discloses the protectionist objectives of the parties much more starkly than does the old form. This is the case because if the provisions of the agreement were in fact confined to balance-of-payments objectives and if they contained no protectionist motivation, only one party, *but not both*, would be imposing

** OEEC Council, Liberalization of Intra-European Trade, First Report by the Central Group, Paris, Oct. 28, 1949, C(49)167, Restricted. [Footnote in the source text.]

†† This assumption is fortified by the fact that Chile, for example, maintains quantitative restrictions on a range of products which initially she attempted to justify on the basis of economic development, in accordance with the procedure laid down in Article XVIII of the GATT. When it became apparent that she might have difficulty in justifying some of these measures pursuant to the standards of Article XVIII, she shifted the basis for her justification to balance-of-payments considerations. [Footnote in the source text.]

import restrictions, namely, the country which, in the absence of such restrictions, could be expected to develop a net deficit in its bilateral relationship. It follows that the country which would develop a credit balance in the absence of restrictions between the two countries must be imposing its import restrictions for protectionist, not balance-of-payments, reasons.††

The protectionist motivation of these bilateral agreements is perfectly evident from an examination of certain specific cases.

[Here follows a recital of the provisions of three 1949 trade agreements, respectively between Belgium-Luxembourg and (West) Germany, Belgium-Luxembourg and Switzerland, and Sweden and West Germany, and the citation of a restrictive clause in the Minutes of the Austro-French trade negotiations signed November 25, 1949.]

The relevant GATT provisions. The relevant GATT provisions bearing on the protective incidence problem are exceedingly complex. The basic rule is found in Article XI, paragraph 1:

"No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party." §§

However, Article XII provides a major exception to the general rule of Article XI. Paragraph 1 of Article XII provides that any contracting party, in order to safeguard its external financial position and balance of payments, may restrict the quantity or value of merchandise permitted to be imported. Such restrictions, however, should not be maintained except to the extent necessary to forestall the imminent threat of, or to stop, a serious decline in the monetary reserves of the contracting party, or, in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in those reserves. Finally, as conditions improve, contracting parties are under an obligation to relax any restrictions applied for balance-of-payments

†† It might conceivably be argued that these exclusions by both parties can be justified on balance-of-payments grounds because the lists of products subject to limitations represent the unpredictable elements in the trade movements between the two countries, hence the elements which unless controlled might result in a substantial unforeseen surplus or deficit in the bilateral relationship. This contention might have merit if the products subject to restriction represented a really significant proportion of the total trade between the two countries. But in most bilateral agreements of this type, this is not the case; the products chosen for limitation are obviously those in which political considerations lead to a maximum of protection. [Footnote in the source text.]

§§ It should be noted that Article XI, paragraph 3, provides that the term "import restrictions" includes restrictions made effective through state trading operations. [Footnote in the source text.]

reasons, maintaining them only to the extent that their reserve position still justifies.

Paragraph 9 of Article XV also bears on the problem. The paragraph provides that nothing in the GATT shall preclude the use by a contracting party of restrictions or controls on imports or exports, where the sole effect of such trade restrictions is to make effective exchange controls or restrictions which are in accordance with the Articles of Agreement of the International Monetary Fund. The relevant provision of the Fund is found in Article XIV, Section 2, which provides in part:

"In the post-war transitional period members may, notwithstanding the provisions of any other articles of this Agreement, maintain and adapt to changing circumstances . . . restrictions on payments and transfers for current international transactions. Members shall, however, have continuous regard in their foreign exchange policies to the purposes of the Fund; In particular, members shall withdraw restrictions maintained or imposed under this Section as soon as they are satisfied that they will be able, in the absence of such restrictions, to settle their balance of payments in a manner which will not unduly encumber their access to the resources of the Fund."

Taken as a whole, the exceptions to Article XI, paragraph 1, do not appear to offer any justification to member countries to impose import restrictions for protectionist purposes. It would appear that when the avowed purpose of a given restriction is to protect the domestic industry, rather than to safeguard a country's balance of payments, that restriction is in violation of the GATT. |||

Proposed action. U.S. interest in this general problem derives from three factors. First, the protectionist element of quantitative restrictions in intra-European trade is proving a major stumbling block to the OEEC trade liberalization program. The U.S., therefore, may well be justified in availing itself of all international obligations which might be used as a means of eliminating that element from intra-European quantitative restrictions. Second, the long-range self-interest of the U.S. requires that the protectionist use of quantitative restrictions should be resisted at every opportunity. Otherwise, the widespread use of such quantitative restrictions against U.S. exports may well continue beyond the period when it is justified by dollar shortages. Finally, the U.S., as a principal sponsoring party of the GATT, is interested in enhancing the effectiveness and, hence, the prestige of the organiza-

||| Note should be taken, however, of the provisions of Article XVIII of the GATT which permit quantitative restrictions on imports in connection with the economic development of a member country, provided certain express criteria are met. This provision has so far not been used broadly, partly because the Contracting Parties have laid a heavy burden of proof upon a member country invoking the provision. [Footnote in the source text.]

tion as a means of assuring its continued existence as a useful international instrument.

It is suggested that the proposals below should be placed on the agenda as a separate item. The occasion of the review of import restrictions required by Article XIV(1)(g),³ which is already on the agenda, might conceivably be used as a springboard for implementing the recommendations of this paper; but the drawback in such an approach lies in the fact that the Article XIV review is limited to the *discriminatory* aspect of import controls, rather than to their protective incidence as a whole.

Insofar as it may be helpful to achieve the adoption of the proposals described below, the U.S., in informal discussions with the contracting parties which are also members of the OEEC, may refer to the report of the Central Group of the OEEC on import restrictions and to any other OEEC materials to which it might be politic to refer.

The working party should recommend to the Contracting Parties the following specific propositions:

(1) That the Contracting Parties condemn the use of the quantitative restrictions ostensibly imposed for balance-of-payments reasons as a means of achieving protectionist objectives, on the grounds that such misuse is inconsistent with the provisions of the GATT; and that this condemnation make reference to, but not be limited to, such specific practices as it may be possible to reach agreement on in the working party (such as seasonal quotas and minimum import price requirements).

(2) That the Contracting Parties request member countries to review their systems of import controls and their bilateral agreements with a view to eliminating any such provisions.

(3) That the Contracting Parties recommend to member countries which consider it necessary to enter into bilateral agreements as a means of meeting their balance-of-payments difficulties, that they should not place limitations on imports in such agreements but instead should provide for consultation in the event unmanageable balances develop; or, where this approach is not practicable because of an obviously unbalanced relationship between two countries which the debtor country could not finance, that import restrictions should not be applied by such prospective creditor country, and should not be applied by such debtor country except for the smallest practicable number of products.

(4) That the Contracting Parties also recommend to member countries which maintain import restrictions as a means of meeting their balance-of-payments difficulties, that in general they confine their specific limitations to the smallest possible number of products.

(5) That the individual contracting parties be requested to submit to the Contracting Parties by January 1, 1951, a report on the measures taken pursuant to the resolutions set out above or, if no such measures

³ See p. 748.

have been taken, on the reasons why they considered no action to be necessary.⁴

II. *The Problem of Discriminatory Application of Quantitative Restrictions*

The present situation. The OEEC trade liberalization program has had the very commendable objective and effect of reducing trade barriers among OEEC countries. Individual countries are implementing their trade liberalization commitments in the OEEC by two types of measures. The first type consists of the setting up of "free lists", i.e., lists to which no limits on imports are applied, provided those imports emanate from a specified list of countries. The various OEEC countries have followed different policies in their enumeration of the list of countries eligible for free list privileges. Some, like Britain, Switzerland and Austria, have framed their liberalization measures on a world-wide basis; Switzerland and Austria have declared that certain listed products may be freely imported from all countries of the world, while Britain has included all countries except those whose currencies are scarce, i.e., Belgium, Switzerland, Canada, the U.S. and other so-called "American-account" countries. Other countries, like Belgium-Luxembourg, France, Trizone Germany, Italy, Greece, Portugal, Denmark, Netherlands and Norway,^{¶¶} have confined the free list eligibles to some or all of the other OEEC members.

In addition to setting up these unilateral free lists, some OEEC countries have also specified a list of products which they would be willing to put on a free list for the benefit of other countries, provided such other countries were willing to extend similar measures of liberalization. This opportunity for negotiation is ordinarily not extended universally but is offered only to certain other countries. For example, Belgium, Denmark, France, the Netherlands, Norway, Portugal, Sweden, Germany, Italy and Austria all have limited their offers of bilateral negotiation on specified lists of products to some or all of the OEEC countries.

Finally, some countries have instituted, or are giving consideration to the institution of, global quotas on imports.* But, here again, each country specifies those other countries which would be eligible to com-

⁴On February 23 the United States submitted to the fourth session of the CP's a memorandum entitled "Review of Application of Quantitative Restrictions on Imports designed to Afford Protection to Domestic Industry (Doc. GATT/CP.4/13, 23 February 1950, Lot 57D284, Box 112).

^{¶¶}Sweden has followed an intermediate policy by including in its list of eligible countries the non-OEEC sterling area countries. [Footnote in the source text.]

*Here and elsewhere in this paper, the phrase "global quotas" is given the meaning commonly accorded the term in Europe, i.e., a quota available to be filled in whole or in part by more than one country. [Footnote in the source text.]

pete for such global quotas. And, here again, the eligible countries are not universal. For example, the global quotas set up by Denmark and Norway are all limited to OEEC country sources, while Sweden's global quotas are available to OEEC countries and non-OEEC sterling area countries.

While these measures of trade liberalization tend to further the objectives of the GATT in reducing trade barriers on a significant volume of international trade, at the same time they are tending to raise questions whether OEEC members are engaging in a line of action inconsistent with the general nondiscriminatory provisions of the GATT. The Finns have already informally raised this issue because of the impact of certain Danish measures upon Finnish export trade,[†] and there are indications that the Czechs may raise the issue at the Fourth Session as a means of embarrassing the U.S.

The relevant GATT provisions. The relevant provisions of Articles XI and XII bearing on this problem have been summarized in a preceding section.

In general, they prohibit the use of quantitative restrictions on imports but grant a broad exemption for such restrictions when applied to safeguard the monetary reserves of a country in balance-of-payments difficulties. These provisions, it should be noted, do not of themselves justify the use of *discriminatory* import restrictions. Standing by themselves, these provisions would authorize only a non-discriminatory application of quantitative restrictions in view of the provisions of the GATT which guarantee general most-favored-nation treatment.

Article XIII, paragraph 1, of the GATT makes this point crystal clear by providing that: "No prohibition or restriction shall be applied by any contracting party on the importation of any product of the territory of any other contracting party . . . unless the importation of the like product of all third countries . . . is similarly prohibited or restricted." The Article then goes on to require the use either of global quotas or of country allocations based either on common consent or a historical import pattern, as a means of implementing the nondiscriminatory application of import restrictions.

Authorization for the use of discriminatory balance-of-payments import restrictions under certain circumstances is found in Article XIV. That Article provides that a country which is applying restrictions under Article XII (that is to say, a country which is applying import restrictions to safeguard its balance of payments) may apply such import restrictions along certain discriminatory patterns. One

[†] Legtel 455, Helsinki, Nov. 5, 1949, Secret. [Footnote in the source text. Not printed.]

discriminatory pattern of balance-of-payments import restrictions which is permitted is a pattern having the equivalent effect to exchange restrictions which the contracting party is authorized to apply under Article XIV of the Articles of Agreement of the International Monetary Fund. Another acceptable discriminatory pattern which may be used in applying balance-of-payments import restrictions is the pattern which the contracting party was applying on March 1, 1948 or any adaptation of such pattern required by changing circumstances. Finally, contracting parties which have so elected are authorized to apply their discriminatory balance-of-payments import restrictions in a manner which departs from a nondiscriminatory pattern if that departure (*a*) would result in the importing country's obtaining additional imports, (*b*) would not constitute part of an arrangement which would reduce the country's earnings of gold or dollars, (*c*) would not cause unnecessary damage to other contracting parties and (*d*) would not result in the import of products at prices substantially higher than those available from hard-currency sources.‡

[In the original paper as presented for consideration to TAC on March 3, there followed a five-page section captioned "Consistency of OEEC measures with U.S. policies and GATT provisions." As a result of the March 3 TAC deliberations, this section was stricken and the following was substituted.]

PROPOSED ACTION

The Delegation should seek to avoid the issues set out above from being raised at the Fourth Session. If they are raised, however, the Delegation should attempt to avoid any definitive resolution of them at the Session and, accordingly, should take the following line:

1. Under the GATT discriminatory restrictions for balance-of-payments reasons which cannot in fact be justified on these grounds are not permissible and should be removed.

2. The determination of whether particular restrictions are discriminatory requires careful examination. Further, if the restrictions are discriminatory, the determination of whether these restrictions can be justified on balance of payments grounds requires study and analysis of the external financial position of the particular countries concerned and the balance-of-payments relationships between them. The necessary information bearing on these aspects would have to be presented before any decision could be reached.

3. In order that an adequately documented case may be presented to the Contracting Parties, it would be desirable for the affected parties first to take the matter up between themselves in accordance with the provisions of Article XXIII before raising the matter with the Contracting Parties.

‡Canada, Ceylon, Lebanon, South Africa, Southern Rhodesia, Syria, and the UK have so elected. [Footnote in the source text.]

4. In discussing this issue, the Delegation should be careful to avoid statements which would appear to justify the limitation of trade liberalization measures to OEEC countries on the basis of Article XXIV dealing with customs unions and free trade areas. This article is not applicable because there is no agreement among these countries to achieve a customs union or free trade area nor is there agreement on any specific interim plan to achieve these objectives.

International Trade Files, Lot 57D284, Box 111

Extract From Confidential Report by Mr. Henry F. Grady, Chairman of the United States Delegation to the Fourth Session of the Contracting Parties to GATT, to the Secretary of State

CONFIDENTIAL

[WASHINGTON, April 1950.]

13. *Consideration of Quantitative Restrictions on Imports and Exports*

This subject had originally been proposed by the US as two separate items which were subsequently combined into one.

(a) *Quantitative Restrictions on Exports*

The United States delegation's position papers pointed out that export restrictions were being widely used for protection and promotional purposes under circumstances not permitted by the agreement and instructed the delegation (a) to obtain agreement among the contracting parties that certain types of export restrictions were in violation of the GATT, and (b) to obtain agreement among the contracting parties that the Secretariat should collect data from the contracting parties on existing export restrictions.

It was evident at once, in the early plenary sessions that most of the CP's were reluctant to include the item on the agenda. The most vocal resistance came from the UK and NZ. Both countries based their resistance on the contention that the GATT spoke for itself on the question of export restrictions and that the appropriate means for determining the meaning of, and enforcing the provisions of the Agreement was through the consultation procedures.

The US promptly initiated informal private conversations with the UK and NZ delegation, in the course of which they amplified their objections to the inclusion of the item. The UK pointed out that the GATT was a delicately balanced instrument, with many intentional ambiguities which represented compromises in basically conflicting viewpoints, and that the proposed exercise might have no other result

than to create new and acrimonious discussions on the meaning of the compromise; that the provisional nature of the GATT foreclosed the possibility of any real progress through it; that the proposed discussion might create animosities from the underdeveloped countries, many of which were using such restrictions; and that the Czechs might seize the occasion to raise the issue of our security controls. The New Zealand delegation expressed many of the same objections and added that anything done which might be construed by the New Zealand Government as creating annoying or onerous obligations might provoke New Zealand's withdrawal from the GATT or refusal to ratify the ITO.

The US countered by pointing out that the importance of the problem was generally being underestimated; that there was a substantial likelihood that the GATT could achieve important progress in this field, thereby contributing to its prestige; and that the interests of the UK and New Zealand, considering that they had few export restrictions, lay in lending their assistance to the exercise. It was also pointed out that the issue then under consideration was whether the item should go on the agenda, rather than what the CP's should decide with respect to export restrictions.

As a result of these informal discussions and of similar discussions with the French, Dutch, Italian, Belgian and Canadian delegations, agreement was reached to list the item on the agenda and to set up a working party. As an integral part of the agreement, a set of instructions was developed for the working party, directing it to review types of export restrictions used for "protective, promotional or other commercial purposes".

The negotiations in the working party were prolonged but fruitful. Two points should be mentioned. First, the UK delegation was co-operative on all points, but was concerned that the report should not condemn without qualification the use of export restrictions in connection with the procurement of scarce materials. Second, the Secretariat's first draft report, submitted informally to the UK, US and Australian delegations before distribution, was so ambiguous, equivocal and unhelpful to the US position as to require complete rewriting. The rewriting was done by the US delegation and, after prolonged discussion with the UK delegation, was concurred in by the latter after some modifications. Thereafter the Secretariat submitted and the Contracting Parties adopted the revised US draft report.

(b) Quantitative Restrictions on Imports

The instructions to the Delegation regarding import restrictions were less explicit than those relating to export restrictions. They were specific, however, in that they directed the delegation to obtain agree-

ment by the CP's condemning certain types of bilateral trade agreements, in which both parties retained import restrictions against the other. Before introducing these proposals formally in the Working Party the US delegation discussed them informally with the British and Canadian delegations. On the basis of these discussions, the US Delegation concluded that the introduction of these proposals would precipitate discussion among the CP's regarding the meaning of Article XIV, involving issues regarding that Article which the delegation had been instructed to avoid, e.g., whether a CP could discriminate in different degree between countries with which it was in payments difficulties in equal degree. The Delegation also was convinced that the US proposals, if introduced, would not be adopted. Accordingly, the proposals were not introduced. The same objections that had been made to including export restrictions on the agenda were also made with respect to import restrictions and were overcome in the same manner.

The discussions in the Working Party regarding quantitative import restrictions developed in a somewhat unexpected manner. A number of countries, including the UK, Canada, Pakistan and India, undertook to describe the techniques which they were currently employing to minimize the inevitable protective incidence of balance-of-payments import restrictions. After some discussion of these techniques, the US delegation proposed that they be codified in the Working Party report and recommended to the individual CP's as desirable measure. Although this phase of the discussion had clearly been outside the terms of reference of the Working Party, the proposal was adopted.

Another aspect of the discussion of quantitative import restrictions dealt with practices which could be regarded as illegal under the agreement. Belgium led this discussion with a series of recommendations and extensive discussions. The UK delegate was designated as *rappporteur* to attempt to restate the Belgium proposals in a manner which might be acceptable to the Working Party. The UK delegate, in turn, set up an informal drafting group consisting of himself, the Canadian delegate and the US delegate. These three, consulting continuously with the Belgian, French, Dutch and New Zealand delegation, finally developed a series of propositions which the Working Party adopted.

One other feature of the import restrictions discussion which should be noted had reference to a New Zealand proposal that the Contracting Parties agree that import restrictions imposed for the purpose of reducing the cost of a domestic price support program were inconsistent with the GATT. This was first proposed informally to the US delegate by the New Zealand delegate, since it was aimed primarily

at US import restrictions on butter. After receiving instructions from Washington, in Tagg¹ 72 the New Zealand delegate was informed that the United States would not object to the proposal. It was introduced and adopted, without discussion either in the Working Party or in plenary sessions.²

¹ Series indicator for telegrams from the Department of State to the United States GATT Delegation, at Geneva. Tagg 72 is not printed.

² A valuable reference source for the documentation of the Fourth Session of the Contracting Parties of GATT is found in Doc. GATT/CP.4/INF/6, dated 26 April 1950, "List of Documents Issued from 20 December 1949 to 20 April 1950" (Lot 57D284, Box 111, Binder "GATT/CP.4/1-45").

International Trade Files, Lot 57D284, Box 112

*Position Paper for the United States Delegation to the Fifth Session of the Contracting Parties to GATT*¹

CONFIDENTIAL

[WASHINGTON,] October 9, 1950.

TAC/GP/20

INFORMATION ON QUANTITATIVE RESTRICTIONS ON EXPORTS

THE PROBLEM

At the Fourth Session, the conclusion was reached by the Contracting Parties that it would be desirable to obtain more systematic and comprehensive information on the subject of quantitative restrictions on exports.

The Secretariat has placed the item on the agenda for the Fifth Session, suggesting that it "might be instructed to (a) request contracting parties to supply information and documentation on quantitative restrictions currently in force, including copies of laws and administrative decrees, etc., and (b) prepare a statement on the application of export restrictions for the consideration of the Contracting Parties at their Sixth Session."

RECOMMENDATION

The United States should support the suggestion of the Secretariat, on the grounds that the reasons advanced at the Fourth Session for

¹ The Fifth Session of the Contracting Parties was scheduled to convene at Torquay, England, on November 2 (the third round of GATT tariff negotiations—TN's—had been in process at Torquay from September 28). For the composition of the U.S. Delegation(s), see Department of State *Bulletin*, October 2, 1950, p. 553.

deferring such a survey no longer obtain and that current world conditions render a study of export restrictions especially appropriate. If strong pressure exists to defer the problem further, United States should suggest that the Secretariat submit a proposed program of study, including any necessary questionnaires, for consideration at the Sixth Session.

DISCUSSION

At the Fourth Session of the Contracting Parties at Geneva, the Contracting Parties unanimously agreed that it would be desirable to obtain more systematic and comprehensive information on the subject of quantitative restrictions on exports which were being maintained under the provisions of Articles XI to XX inclusive of the GATT; the question of how and when these additional data should be obtained was held in abeyance. This agreement represented a compromise with an original United States-Canadian proposal to instruct the Secretariat to proceed forthwith to collect comprehensive data on existing export restrictions. Virtually all the other contracting parties who expressed an opinion on the subject took the view that the Secretariat was much too overburdened to undertake such a task in the early future. It was clear, of course, that the desire on the part of most of the contracting parties to put off a study was not based upon a concern with overburdening the Secretariat but with a reluctance to pursue further a subject which might constitute a source of embarrassment to some of them.

As matters now stand, it appears that the Secretariat will be working at full capacity until the spring of 1951; the first few months of 1951 will almost certainly be taken up with tariff negotiations, while, in the months following, some of the staff will be taken up with the compilation of questionnaire returns and preparation of a report on balance-of-payments import restrictions. Accordingly, the justification for putting off the study on the basis of the Secretariat's workload will diminish toward the close of the spring of 1951.

Apart from the prospective work load of the Secretariat and the attitude of the other contracting parties, however, some definite advantages appear to exist in raising the issue at the Fifth Session. At the outbreak of the Korean affair, export restrictions were at the lowest point since the war's end. But because of shortages which are likely to attend a rearmaments effort, measures of this sort have begun to reappear in substantial number. Some of these have been unilateral measures by individual countries, while others are being taken on a multilateral basis. The United States is participating in some of these measures but is not involved in a good many others.

As far as United States interests are concerned, it might well be argued that any measure which may compel us to account more fully for our short-supply export control activities to other countries is objectionable and should, on principle, be avoided. On the other hand, the United States is a heavy net importer of raw materials; measures taken by other countries to restrict their exports of these materials along inequitable lines could probably do the United States a good deal more harm than the need to account for the equity of United States measures. Indeed, since other countries are far less uninhibited than the United States in using short-supply items as weapons in bargaining for various types of economic advantage, the probability is that the more effective application of rules of the game regarding export restrictions, such as those contained in the GATT, would be of substantial net advantage to the United States. As far as the unilateral actions of individual countries are concerned, the prospect of having to report such measures to the Contracting Parties might have a salutary effect in insuring the development of such measures on a more equitable basis. The prospect of such a review might also have a salutary effect upon the content of international allocation agreements of commodities in short supply, by sensitizing the participating countries to the relevant provisions of the GATT.

The OEEC is currently developing a study of export restrictions which are in effect among OEEC countries. While this study would not substitute for an analysis which is worldwide in scope, it will nevertheless provide most of the material which the European countries would need to comply with any GATT-sponsored request for information. Accordingly, the OEEC study removes much of the justification for any complaint on the part of European countries that the reporting burden related to a GATT request would be difficult for them to bear.

International Trade Files, Lot 57D284, Box 112, Folder "Export Restrictions"

*Working Paper of the United States Delegation to the Fifth Session of
the Contracting Parties to GATT*

RESTRICTED LIMITED C
GATT/CP.5/39/Rev. 1

[TORQUAY,] 12 December, 1950.

A REVIEW OF QUANTITATIVE EXPORT RESTRICTIONS

NOTE BY THE EXECUTIVE SECRETARY

At the Fourth Session the Working Party on Quantitative Restrictions suggested that it was desirable to carry out an enquiry on

quantitative restrictions on exports maintained by contracting parties under various provisions of Articles XI-XX and that this might receive the early attention of the Contracting Parties. At the fourth meeting of the Fifth Session, the Contracting Parties decided, in principle, that information relating to the application of export restrictions should be obtained, and the Secretariat was asked to supply a more detailed proposal. (Ref. GATT/CP.5/3 and SR.4.¹)

A number of representatives who participated in the discussion on 4th November did not favour an enquiry if it would involve contracting parties in answering a lengthy questionnaire. Accordingly, it is proposed that the Contracting Parties might authorize the Executive Secretary to invite contracting parties to submit statements on the restrictive measures which they apply to exports, naming the products restricted and describing the method of restriction, together with a note of the circumstances which gave rise to the application of each measure.

Contracting parties might be asked to submit their statements not later than April 30, 1951, and the Executive Secretary might be authorized to prepare a memorandum, on the basis of the statements received for submission to the Sixth Session.²

¹ In the Department of State files, these GATT documents are located in Lot 57D284, Box 111. The fourth meeting of the Fifth Session of the CP's occurred on November 4, and Doc. GATT/CP.5/SR.4 incorporates the minutes of that meeting. Doc. GATT/CP.5/3, dated November 3, 1950, is a previous "Note by the Executive Secretary" on this item, prepared as a Working Paper for the November 4 meeting. A valuable reference source enumerating the documentation of the Contracting Parties' Fifth Session is found in Doc. GATT/CP/INF/6, 10 January 1951, "Fifth Session List of Documents Issued from 3 August 1950 to 20 December 1950," located in Lot 57D284, Box 111, Binder captioned "Index 5th Sess & 3d TN's."

² The Contracting Parties took final action on this item at their 25th meeting on December 16, and the final consensus, in the words of the Chairman was, that "... the sending of laws and decrees by Governments would be optional and the Secretariat should simply ask that information be sent in as complete a form as possible." (Doc. GATT/CP.5/SR.25, Lot 57D284, Box 111) The item was described as follows in the "Report to the Secretary of State" by the Chairman of the United States Delegation: "Agenda Item 10: Consideration of a Review of Quantitative Export Restrictions. . . . At the Fifth Session the Contracting Parties authorized the Executive Secretary to invite the Contracting Parties to submit statements on the restrictive measures which they apply to exports, naming the products restricted and describing the method of restriction in as complete a form as possible. It was agreed to consider these statements at the Sixth Session." (Lot 57D284, Box 112, "Misc. Reports")

II. UNITED STATES CONCERN AT THE DISCRIMINATORY ASPECTS OF EXCHANGE AND IMPORT RESTRICTIONS MAINTAINED BY THE UNION OF SOUTH AFRICA

NAC Files,¹ Lot 60D137, Box 362

*Draft of Minutes of the 151st Meeting of the National Advisory Council on International Monetary and Financial Problems, Washington, February 28, 1950*²

SECRET

[Here follow list of names of persons present (27) and discussion of a prior agenda item.]

2. *South African Restrictions*³

Mr. Glendinning⁴ said that the United States Executive Director on the Fund had requested Council advice as to what attitude he should take in the Fund on the maintenance of exchange and trade

¹ Master file of the documents of the National Advisory Council on International Monetary and Financial Problems (NAC) for the years 1945–1958, as maintained by the Bureau of Economic Affairs of the Department of State.

² The National Advisory Council was an interdepartmental committee established by the Bretton Woods Agreements Act of July 31, 1945 (59 Stat. 512). The act provided for U.S. participation in the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD, or "the Bank"). The National Advisory Council was to coordinate policies and operations of the U.S. Government with respect to U.S. relations with the two Bretton Woods institutions, specifically to make "recommendations" to the United States Executive Directors on the two bodies.

³ Consultations under Article XII of GATT on discriminatory import restrictions which were to be imposed by the Union of South Africa had loomed large in U.S. initiatives at the third session of the Contracting Parties at Annecy (France) in 1949 (see *Foreign Relations*, 1949, vol. I, pp. 651 ff.). In January 1950 the Union Government introduced the new import regulations in furtherance of its restrictive system. In NAC Document No. 965, February 27, 1950 (Lot File 60D137, Box 366) the NAC Staff Committee defined the new regulations as taking "the following form":

"'Universal' import permits are issued by the Union for purchase in any country of certain specified classes of 'essential' commodities. Goods purchased with these universal permits will be paid for in gold and hard currencies, and the permits will be issued in approximately the amount of South African gold and hard currency availabilities. However, in addition to these universal permits, the Union will issue 'restricted' permits which may be used only for purchases of imports from soft currency countries. These restricted permits will be issued in approximately the amount of the Union's soft currency availabilities. Although only fragmentary information has yet been made public, it seems clear that the dual system is designed to provide a net accrual of South African gold to Great Britain."

⁴ C. Dillon Glendinning, Deputy Director of the Office of International Finance, Department of the Treasury, and Secretary, National Advisory Council.

restrictions by South Africa. The Fund would have to advise GATT within the next few weeks as to whether it considered the restrictions imposed by South Africa justified on balance of payments grounds.

Mr. Glendinning pointed out that about two-thirds of South Africa's current earnings of foreign exchange were in the form of gold and hard currency, the greater part being derived from newly mined gold. In the postwar period South Africa had been running a substantial deficit on current account, financed by drawing down reserves and by a capital outflow from the United Kingdom, which in 1947 reached a peak of the equivalent of \$700 million a year. This outflow declined in 1948, and for a short time reversed itself, but again appeared to be assuming important dimensions.

With reference to the system of controls in effect in South Africa, Mr. Glendinning added that South Africa expected to issue "universal" exchange permits, payable in gold or dollars, to the approximate equivalent of the total of its gold and dollar earnings. In addition, South Africa would issue permits which could be used only for purchases in the soft currency area and which presumably would absorb whatever resources came in the form of capital inflow from the United Kingdom. The commodities included in the list for which global permits would be issued were designed to insure a certain minimum gold earning for the United Kingdom. Mr. Havenga had estimated that this minimum would be \$100 million and possibly might reach \$200 million.

The United Kingdom apparently favored these arrangements on the assumption that if the capital outflow were permitted and South Africa maintained discriminatory import restrictions, the United Kingdom would obtain a larger proportion of South Africa's gold than if South Africa's restrictions were non-discriminatory. Presumably South Africa had entered into the arrangements in order to insure the continuation of capital inflow from the United Kingdom and also to insure that Britain would not restrict South African non-essential exports to the United Kingdom.

Mr. Glendinning pointed out that the problem raised far reaching questions with respect to sterling area arrangements, such as unrestricted capital outflow from the United Kingdom to sterling area countries, that went far beyond South African restrictions alone.⁵

With respect to the proposed action Mr. Glendinning stated that the

⁵ For documentation with respect to U.S. policy regarding sterling area import restrictions, see pp. 810 ff.

majority view (Alternative A ⁶) was that on the basis of the South African exchange position there was no adequate basis for the maintenance of discriminatory restrictions. The majority recommendation was also that the Fund should advise GATT that there was no adequate basis on financial grounds for the maintenance of discriminatory import restrictions by South Africa, and that the Fund should consult with South Africa in order to obtain a modification of the South African restrictions so as to eliminate the discrimination. The minority view (Alternative B) was that because of the complications arising in connection with the capital outflow from the United Kingdom and the implications involved for Britain's dollar earnings the United States should be cautious about making a strong affirmation of principle in this case, but should question the adequacy of the grounds for discrimination and should seek to obtain an understanding as to the eventual elimination of discrimination over a period of time (NAC Document No. 965). Mr. Glendinning pointed out that the difference between these alternatives was a matter of degree and emphasis rather than a complete difference of view.

[Here follows some discussion of the merits of the two alternatives. Representatives of the Department of Agriculture (Loveland) and Commerce (Blaisdell), the Export-Import Bank (Gaston), and the Federal Reserve Board (Szymczak), and the Alternate U.S. Executive Director on the International Monetary Fund (Hooker) favored Alternative A. The Economic Cooperation Administration (ECA) representative (Locker) favored Alternative B.]

Mr. Stinebower ⁷ said that the State Department's views fell between

⁶ The alternative was posed in NAC No. 965. There was general agreement in the Staff Committee that the restrictions being imposed by South Africa were discriminatory. There was, however, a range of views as to whether and to what degree the discrimination involved was justified. Alternative A incorporated the majority view of the staff and Alternative B the minority view. The texts, as set forth in NAC No. 965, read:

"Alternative A: The National Advisory Council advises the United States Executive Director on the International Monetary Fund: (1) that he should seek a determination by the Fund that there is no adequate basis for the maintenance of discriminatory restrictions by the Union of South Africa; (2) that he should advocate a report from the Fund to GATT expressing the view that there is no adequate basis on financial grounds for the maintenance of discriminatory import restrictions by the Union of South Africa; and (3) that he should advocate Fund consultation with South Africa to obtain a modification of the South African restrictions so as to eliminate the discrimination." (NAC Doc. 965, February 27, 1950, Lot 60D137, Box 366)

"Alternative B: The National Advisory Council advises the United States Executive Director on the International Monetary Fund: (1) that he should make an affirmation of principle in the Fund that there is an inadequate basis for the maintenance of the discriminatory restrictions currently applied by the Union of South Africa; (2) that he should seek to obtain a modification of the South African restrictions looking towards the eventual elimination of their discriminatory aspects." (*Ibid.*)

⁷ Leroy D. Stinebower, Special Assistant to the Assistant Secretary of State for Economic Affairs.

Alternative A and Alternative B, but were closer to Alternative A. One difficulty was the uncertainty as to whether South Africa could find investment funds in the private market for the expansion of gold mining. There were some other minor points, and the State Department suggested that Alternative A be modified to read as follows:

"The National Advisory Council advises the United States Executive Director on the International Monetary Fund: (1) that he should seek a determination by the Fund that no adequate basis has been established for the maintenance on financial grounds of discriminatory restrictions by the Union of South Africa; (2) that he should advocate a report from the Fund to GATT that the Fund has not found adequate basis on financial grounds for the maintenance of discriminatory import restrictions by the Union of South Africa; and (3) that he should advocate consultation with South Africa to obtain appropriate modification of the South African restrictions."

In connection with item (1) Mr. Stinebower commented that the State Department had some question as to whether we should be addressing ourselves exclusively to South Africa, since pressure may have been brought on South Africa by the United Kingdom with the price being accessibility to the British market. With respect to subdivision (3) he thought the position in the present Alternative A might be difficult to maintain. What appeared to be appropriate today was the elimination of restrictions. After there had been consultation with South Africa the Fund might have different views on what would be appropriate, and these could be brought back to the Council for subsequent consideration if necessary.

Mr. Szymczak thought it would be much better for the United [States] Executive Director to present his case in the Fund on the basis of the original Alternative A. To state that he did not think South Africa had "established a case" would indicate uncertainty. Mr. Szymczak believed that the position should be that on financial grounds there is no case for discrimination.

Mr. Hooker observed that he could not assure the Council that the Fund would agree upon the exact wording that there was no adequate basis for discrimination, but he would take that position and would try to get it adopted by the Fund. He added that the Fund was trying to establish jurisdiction and had reached a decision in the Committee that the South African restrictive system had, in addition to import restrictions, exchange restrictions. The probable course of events was that the Fund would shortly send a mission to South Africa to look into the system, and after consultation with South Africa, the Fund would make a definitive determination as to whether South Africa should remove the restrictions.

The Chairman observed that it was clear that the majority of the Council favored the general approach indicated by Alternative A. The

Council was then polled on the choice between the version appearing in NAC Document No. 965 and the alternative presented by the State Department and voted in favor of the former.

Action. The following action was taken (Action No. 392) :

The National Advisory Council advises the United States Executive Director on the International Monetary Fund : (1) that he should seek a determination by the Fund that there is no adequate basis for the maintenance of discriminatory restrictions by the Union of South Africa ; (2) that he should advocate a report from the Fund to GATT expressing the view that there is no adequate basis on financial grounds for the maintenance of discriminatory import restrictions by the Union of South Africa ; and (3) that he should advocate Fund consultation with South Africa to obtain a modification of the South African restrictions so as to eliminate the discrimination.

394.31/3-250 : Telegram

The Secretary of State to the United States Delegation to the Fourth Session of the Contracting Parties to GATT, at Geneva

CONFIDENTIAL

WASHINGTON, March 3, 1950—7 p. m.

Tagg 26. Fund now considering problem South African restrictions. US position in Fund is indicated in Tagg 21.¹

As for position in GATT, USDel shld seek defer consideration matter in GATT pending completion consideration and decision on question in Fund. Further instrs will fol soon as decision reached in Fund. If discussion cannot be averted prior Fund decision, USDel shld take line indicated in Tagg 21.

ACHESON

¹ March 2, not printed. It informed the delegation of the February 28 NAC decision (Alternative A).

International Trade Files, Lot 57D284, Box 111

Extract From Confidential Report by Mr. Henry F. Grady, Chairman of the United States Delegation to the Fourth Session of the Contracting Parties to GATT, to the Secretary of State

CONFIDENTIAL

[WASHINGTON, April 1950.]

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9. *Communication from South Africa on Application of Import Restrictions.*

The Delegation's instruction directed it to take the position that the extent of discrimination in the South African program of import restrictions was not justified by the available information.

Before discussion of this item was initiated in plenary session, the Delegation learned that South Africa would insist that consultation had been concluded during the Third Session at Annecy and that the matter should not be considered a separate agenda item. Telegraphic instructions from the Department stated that the question was being considered by the International Monetary Fund and that the Delegation should seek to postpone substantive discussion until the Fund's report had been received by the Contracting Parties. In order to avoid protracted controversy in plenary session, that might develop into a discussion of policy considerations contrary to the Departments instructions, the Delegation arranged a meeting with the British and South African Delegations. All three Delegations agreed that it would be best to postpone a debate of the issues at this time, and a resolution was drafted which took note of the fact that the Fund was studying the matter and authorized the working party on financial matters to take up the question after receipt of the Fund's report. This resolution was adopted by the Contracting Parties.

When the Fund's report was received, it stated that the general level of South African restrictions was justified on balance of payment grounds, but that the discriminatory aspects of the restrictions required further study. During the discussions in the working party, the South African Delegate continued to insist that consultation under Article XII had been concluded at the Annecy Conference. He received support in this position from the other Commonwealth countries.

The report from the Fund on the discriminatory aspects of the South African restrictions was not received during the course of the Session and in line with its instructions, the Delegation was able to have consideration of the matter postponed. A report was approved, which while it concluded that consultation under Article XII(4) (a) had been completed, also stated that the report by the Fund on the discriminatory aspects of the South African program had not been received and that therefore further consideration would have to be deferred. This procedure leaves the way clear for such action at the next session as may be deemed desirable in the light of the Fund report, without the necessity of making a specific complaint under Article XII(4) (d) in order to reopen the matter.

394.31/9-1450

*The Ambassador of the Union of South Africa (Jooste) to the
Secretary of State*

WASHINGTON, 14th September, 1950.

The Ambassador of the Union of South Africa presents his compliments to the Honourable the Secretary of State, and has the honour to refer to the discussions which took place at the Third and Fourth Sessions of the Contracting Parties to the General Agreement on Tariffs and Trade concerning the South African programme of import restrictions and the difference of point of view which emerged between the South African and United States Delegations on the question of the compatibility of the South African Government's action with the provisions of Article XII and Annexure J. of the General Agreement.¹

The Government of the Union of South Africa believe that the differences which have arisen between the Delegations on this issue are not conducive to the mutual interests of the United States and the Union of South Africa, nor to the harmonious and fruitful collaboration between the Contracting Parties. The South African Government, therefore, are anxious that, if at all possible, these differences should be avoided at the Fifth Session of the Contracting Parties which is due to commence at Torquay on the 2nd November.

After further careful consideration of the major objections which have hitherto been raised by the Delegation of the United States with regard to the discriminatory aspects of the South African programme of import restrictions, the Government of the Union of South Africa have decided to introduce certain important changes in that programme as from the 1st January, 1951. Details of these changes are set forth in the accompanying memorandum to the Contracting Parties to the General Agreement on Tariffs and Trade, which will be sent to the G.A.T.T. Secretariat at Geneva for distribution on the 15th September, 1950.²

¹ At Habana, Cuba, on March 24, 1948, at the conclusion of the conference for the establishment of an international trade organization, the Contracting Parties of the General Agreement (GATT) concluded a Special Protocol which modified Article XIV of GATT ("Exceptions to the Rule of Non-Discrimination") and added to the annexes (A through I) of the original agreement an Annex J with an "Interpretative Note" on Article XIV (62 Stat. (pt. 2) 2000, or TIAS No. 1764). For documentation regarding this 1948 action on Annex J, see *Foreign Relations*, 1948, vol. I, Part 2, p. 905.

² Not attached to file copy; neither has it been found in the conference file (Lot 57D284). It is described in NAC Doc. No. 1054, October 13, 1950, *infra*.

The Government of the Union of South Africa wish to emphasise that, while the modifications proposed in the attached memorandum have been made possible by the recent improvement in South Africa's monetary reserves, the Union Government, in deciding to introduce these modifications, have also been actuated by a sincere desire to satisfy the objections put forward by the United States Delegation during the discussions at Annecy in 1949 and again at Geneva earlier this year.

In submitting the attached memorandum for the advance information of the Government of the United States, the Government of the Union of South Africa hope that the modifications of the import control scheme outlined will commend themselves to the Government of the United States and will be regarded as evidence of the Union Government's desire to promote the objects of the General Agreement on Tariffs and Trade.

NAC Files, Lot 60D137

*Memorandum by the NAC Staff Committee to the National
Advisory Council*

CONFIDENTIAL

[WASHINGTON,] October 13, 1950.

Doc. No. 1054

Subject: South African Restrictions

I. The Problem

The National Advisory Council last considered South African exchange and import restrictions on February 28, 1950, and took Action No. 392, advising the United States Executive Director of the International Monetary Fund as to the position he should take in the Fund in connection with a report to GATT on these restrictions. Since that action was taken, the South African Government has announced major revisions in its system of restrictions which are to become effective January 1, 1951. The immediate questions before the Fund are: (a) the propriety of continued maintenance of exchange restrictions by South Africa at their present and proposed level, and their application on a discriminatory basis; and (b) a report to the GATT meeting at Torquay on the financial aspects of the parallel problem of the South African import restrictions. It has therefore become necessary for the Council to review the situation again and determine whether its previous instructions to the United States Executive Director should be revised.

II. Background

Under the scheme now operative but which is to be replaced on January 1, 1951, the South African Government issues two types of

import permits. "Universal" permits permit the holders to import merchandise from any currency area. Payments are made in hard currency and the value of universal permits issued is limited to the amount of South Africa's current gold production (minus additions to reserves) plus its hard currency earnings.

"Restricted" permits are issued covering the remainder of South Africa's import requirements. Holders of such permits can make purchases only in soft currency areas and payments are made in sterling. Restricted permits are issued up to the value of South Africa's soft currency earnings and soft currency capital inflow (minus additions to sterling holdings).

In its previous action the National Advisory Council concluded that this system resulted in substantial discrimination which was wholly unjustifiable in view of South Africa's very large gold production, and instructed the United States Executive Director in the Fund to take a strong position opposing the system.

After considerable discussion in the Executive Board of the Fund, the Fund submitted a report to the Contracting Parties which concluded that the over-all level of South African restrictions was justified, but that further consideration of the discriminatory aspects was necessary. The Fund Staff subsequently prepared papers analyzing the South African restrictions and referred these papers to the South African Government for its comments.

Under the new system "general" permits (which will replace the old universal permits) will be issued enabling the holder to purchase imports from any currency area. Generally, such permits will be issued up to the total amount of South Africa's current earnings of foreign exchange—not merely the amount of hard currency receipts and gold production. In addition, restricted permits will now be issued apparently measured by the amount of the soft currency capital inflow into the Union.

III. *Discussion*

While the results of neither the present nor proposed scheme can be determined with precision, there seems every prospect that the area of discrimination in South African trade will be greatly reduced under the operation of the new plan. If the present plan were to be continued, roughly one-half of the Union's trade might be reserved on a discriminatory basis for soft currency area suppliers. Subject to certain variable factors which are described below, it seems likely that the area of discrimination under the proposed new arrangements may be reduced to approximately 15 per cent, leaving 85 per cent of South Africa's purchases to be made on a completely competitive and non-discriminatory basis.

There are, however, certain elements of uncertainty which surround the new scheme and which can only be resolved by observation of the scheme as it is actually administered. The division of specific commodities between the "general" and the "restricted" import permits is important. The discrimination would be more serious if restricted import permits are issued for commodities which are normally purchased in the dollar area, thus transferring the market for these items to soft currency suppliers.

The estimate that 85 per cent of the Union's imports would be non-discriminatory is based upon the assumption of the maintenance of the levels of monetary reserves which exist on January 1, 1951, and the expenditure by the Union of all of its current earnings of foreign exchange. Insofar as permits may be withheld to increase reserves, this would reduce the amount of trade coming in under general permits, and, therefore, the proportion of total trade entering the Union on a non-discriminatory basis.

The steady improvement in South Africa's monetary reserves now raises the question of the general level of its restrictions. The new system proposed for January 1, 1951, may contemplate continued additions to gold reserves. GATT Article XII, paragraph 2, provides that import restrictions (whether or not discriminatory) may only be used either to prevent a decline in monetary reserves, or "in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves". The determinations under these provisions are explicitly left to the Fund. In an interim report to GATT, made in March of this year, the Fund said that South Africa then had "very low monetary reserves". The present level of South African reserves would seem to justify a new finding that the South African reserves can no longer be considered to be "very low". Indeed, in South Africa's letter to the Fund, it states that "the present level of these reserves could be regarded as satisfactory". Under these circumstances, it is believed that we should take the position that South African reserves are no longer "very low".

The Union of South Africa also has recently agreed to sell to the United Kingdom one million ounces of gold per quarter. Provided that soft currency suppliers get enough business under general permits so that this amount of gold would flow to the United Kingdom under the permit system, this would not constitute a drain on South African gold resources. A question would arise, however, if competition between suppliers under the general permit system should work out so that gold in this amount would not be needed for settlements with the United Kingdom. The Union Government has stated that under such circumstances, it would meet the shortfall from its gold reserves, and accumulate additional sterling. This arrangement would tend to

weaken South Africa's gold reserve position and to increase the likelihood of future increased discrimination in its import and exchange controls. It will be important for the Fund to follow closely the operation of this gold sale agreement between South Africa and the United Kingdom.

It appears that South Africa has taken a major step to reduce greatly the area of discrimination in its trade and exchange control practices. At the same time, economic and financial conditions surrounding the South African economy have not changed in any way which would indicate the desirability of modifying the Council's previous conclusion that no discrimination is justified. However, since there seems to be the prospect for so much improvement, it would probably not be desirable to press the Union for the complete elimination of discrimination at the present time.

Particularly, there does not seem to be any real economic justification for relating the small remaining area of discriminatory import licenses to the inflow of capital from soft currency areas, but since this is relatively small and the political background on this point is particularly delicate, it does not seem necessary to press for a final resolution on this problem at the present time.

It will be necessary to keep the situation under continuous review and to follow closely the operation of the new plan. To this end the Union should be pressed to furnish full and complete information as to the commodity composition of its general and restricted import lists, the actual flow of trade under these licenses, the extent of exchanges of restricted licenses for general licenses, if that continues to be permitted, and complete figures on gold production, gold sales, and capital movements.

NAC Files, Lot 60D137, Box 367

*Action No. 425 Taken Unanimously by the National Advisory Council
By Telephone Poll Completed on October 13, 1950, on South
African Restrictions*

CONFIDENTIAL

Doc. No. 88

The National Advisory Council advises the U.S. Executive Director of the International Monetary Fund that:

1. He should take the position in connection with South African exchange restrictions that:

(a) The South African program proposed to be adopted in January, 1951, appears to represent a welcome and substantial relaxation of discrimination;

(b) The Fund should request the Union for data adequate to permit a continuing review of South Africa's new program, including the propriety and actual effectuation of South Africa's arrangements for gold sales to the U.K.

2. He should propose that the Fund's report to GATT on the South African import controls conclude that:

(a) South Africa no longer has "very low monetary reserves".

(b) The South African decision to make a substantial reduction in discrimination represents progress in the right direction and the Fund will not propose at this time the complete elimination of discrimination.

The Council still considers that there is no adequate basis on financial grounds for the maintenance of discriminatory import restrictions by the Union.¹

¹ On the basis of a statement made by the International Monetary Fund to the Contracting Parties on November 4, the South African item was deleted from the provisional agenda for the Fifth Session of the Contracting Parties.

394.31/9-1450

*The Secretary of State to the Ambassador of the Union of
South Africa (Jooste)*

SECRET

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of South Africa and has the honor to refer to his note of September 14, 1950, concerning certain contemplated changes in the program of import restrictions of the South African Government, and to the accompanying memorandum from the South African Government to the Contracting Parties to the General Agreement on Tariffs and Trade in which details of the changes are set forth.

The Government of the United States is giving careful attention to the contents of the above-mentioned memorandum and has noted the desire expressed by the Government of South Africa to meet certain objections to South Africa's program of import restrictions discussed at the 3rd and 4th Sessions of the Contracting Parties. The Government of the United States is gratified at the progress toward reducing the degree of discrimination in the present program that appears on preliminary study to be reflected in the amended program.

Since the South African Government has been good enough to apprise the Contracting Parties of this program in advance of their 5th Session, at Torquay, the Government of the United States may take the opportunity at the Torquay meeting to secure additional informa-

tion regarding certain of its features and to indicate such views as it may have concerning the program. The Government of the United States wishes to express its appreciation to the South African Government for the courtesy of being informed of the new program well in advance of the 5th Session.

WASHINGTON, October 14, 1950.

III. POSITION OF THE UNITED STATES REGARDING CONSULTATIONS ON STERLING AREA RESTRICTIONS ON DOLLAR IMPORTS

International Trade Files, Lot 57D284, Box 110

*Position Paper for the United States Delegation to the Fourth Session
of the Contracting Parties to GATT*

CONFIDENTIAL
TAC D-95/50

[WASHINGTON,] February 23, 1950.

INTENSIFICATION OF IMPORT RESTRICTIONS

PROBLEM

Position of the United States in regard to the consultation under Article XII-4(b) on intensification of restrictions by the United Kingdom and certain other Commonwealth countries.

RECOMMENDATION

1. The United States Delegation should accept in principle that the general level of intensification of restrictions on dollar imports by the sterling countries (not including South Africa) which has taken place pursuant to the decision taken by Commonwealth countries last July is consistent with the GATT obligations of these countries. While the Delegation may participate in discussions as to what other alternatives may have been available in the circumstances, it should not seek to press such alternatives upon these countries. (The position to be taken with respect to South African restrictions is covered in a separate paper.)

However, the United States Delegation should make clear that it regards this consultation as being for the sole purpose of determining whether recent measures of intensification of restrictions against dollar imports on the part of sterling countries are consistent with GATT obligations, without prejudice to the question whether they are consistent with any other obligations which the countries involved may have under other international agreements.

2. Unless the replies to the Article XIV-1(*g*) questionnaire should produce the information,* the Delegation should indicate that available information concerning the new restrictions, the resulting modifications in trade with soft-currency countries and administration of import restrictions does not appear to be adequate to judge the consistency with GATT obligations of the particular methods by which the intensification is being effected.

The Delegation should seek to develop as clear a picture as possible of how the restrictions are applied, of the conditions under which additional soft-currency imports are being obtained and seek a modification of restrictions in whatever respects they appear to cause unnecessary commercial or economic damage. The right to raise further questions, after the meeting, concerning measures arising out of intensification should in any event be reserved. The Delegation should, for example, seek to secure for the record detailed information of the sort suggested by Article XIII 3(*a*). The Delegation may also seek as much information as possible on prices paid for imports from soft-currency countries and on the direction of exports. The Delegation may also complain if insufficient time is allowed in which to act upon licenses granted or if, in the case of Annex J countries, clear cases of the payment of excessive prices for soft-currency imports come to light. These complaints might also be pressed, if appropriate, in connection with the general review of import restrictions under Article XIV-1(*g*).

3. The consultation under Article XII-4-(*b*) should not be used as a basis for a general review of all import restrictions with a view to eliminating their protective features. Any such investigation should be taken up under the agenda item dealing with quantitative restrictions for protective purposes and should not be confined to sterling countries. Should there develop instances of particular restrictions which were intensified for protective rather than balance-of-payments reasons, the Delegation may, of course, raise the matter under the XII-4-(*b*) consultation as well as under the general agenda item dealing with protective import restrictions.

DISCUSSION

History

Early in July [1949] the United Kingdom suspended all dollar purchases on government account except those provided for under

* The draft British reply which was shown to officers of the Department early in February did not appear to contain essential information necessary to evaluate the British restrictions in terms of GATT obligations. Notably it did not contain information on prices, which would enable an evaluation of the consistency of the discrimination with paragraph 1(*a*)(i) of Annex J. [Footnote in the source text.]

existing contracts or commitments required in the "urgent national interest", and on July 14, 1949 the United Kingdom announced intention to make a reduction in dollar imports of \$400,000,000 or about 25 percent from the 1948 level. On July 18 the Foreign Ministers of the dominions except South Africa and Canada recommended to their Governments action comparable to that of the United Kingdom. The United Kingdom action was regarded by the United States as constituting intensification of restrictions of a kind which would call for consultation with the CP's under Article XII-4-(b) of GATT but in view of the forthcoming financial talks it was considered desirable to defer the consultation until after the talks. The British submitted a letter to the CP's then in session at Annecy, indicating that only interim measures had so far been adopted and expressing willingness to provide particulars, when available, on the basis of which consultation, if desired, could proceed. (CP.3/68)

Subsequently, the Chairman of the CP's proposed to place this consultation on the agenda of the Fourth Session without further procedural steps, but the United States suggested that a circular inquiry be sent to the CP's asking their approval of such a postponement. This suggestion was followed (GATT/AIR/17) and the United States replied before December 31, as requested, that it had no objection to deferring the consultation on the understanding that the item would be on the Fourth Session agenda. A majority of CP's have presumably so indicated as the item appears on the preliminary agenda.

The Department requested its missions to send in information on measures of intensification instituted by the United Kingdom, India, Pakistan, Australia, New Zealand and Ceylon some time ago. Replies from this circular and other information available leave large gaps in our information as to what has actually taken place, so that it is not possible at this stage to assemble all of the basic data concerning the means by which the different countries have intensified restrictions or the extent of the restrictions. The United Kingdom will apparently effect a reduction of about 13 percent in its dollar purchases in the year ending July 1, 1950, as compared with 1948, and has published a commodity breakdown of its planned purchases. The fact that Australia, New Zealand, and Ceylon have no lists of commodities which will or which will not in principle be considered for licenses to import from the United States or other hard-currency countries and do not even publish the overall amounts of dollars to be made available, complicates evaluation of their restriction. Further both Australia and New Zealand have stated that they will try to save dollars for the sterling area by expanding exports to the United States and, if neces-

sary, by borrowing here or in Canada instead of relying on import restrictions alone. Pakistan apparently is interpreting her obligation to curtail imports as an obligation to reduce imports by 25 percent in 1949-50 as compared with 1947-48 so that 1950 imports may be no smaller than 1949 imports. Nevertheless, Pakistan also appears to be intensifying restrictions on imports from dollar areas. Southern Rhodesia was a party to the agreement to intensify but apparently indicated her imports had already been cut to the bone so that she may not actually be intensifying by as much as 25 percent. As Southern Rhodesia has a common quota with the United Kingdom in the Fund, discrimination against all other countries in favor of United Kingdom would not be inconsistent with GATT, but this is not true with respect to other independent sterling-area countries. The import restrictions imposed by South Africa are covered in a separate position paper and are thus excluded from consideration here.

Criteria in GATT Applicable to All Import Restrictions for Balance-of-Payments Reasons

Under GATT, all restrictions imposed for balance-of-payments reasons, whether or not discriminatory, are subject to the requirement that they be necessary under Article XII-2-(a) "to forestall the imminent threat of, or to stop, a serious decline in . . . monetary reserves, or in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves".

As shown in the table in Annex A, the gold and dollar reserves of the sterling area declined between March 31, 1949 and June 30, 1949 by about 14 percent and between June 30 and September 30 declined a further 12 points to about 74 percent of their March 31 figure in spite of interim measures of increased restriction on imports taken during the third quarter of the year. As of December 31 reserves had increased to slightly better than the June 30 figure but were still about 12 percent below last March, although in terms of devalued sterling they were well above the amount held during the first part of 1949.

It is understood that the International Monetary Fund will very likely take the position that the British balance-of-payments and reserve position warranted, under the GATT, an intensification of import restrictions of the magnitude undertaken by the United Kingdom and other Commonwealth countries, and it does not appear necessary to raise any question concerning the consistency of increased restrictions with the provisions of GATT. Though there has been some increase recently in the level of British monetary reserves, made possible by ECA assistance, it does not appear sufficiently substantial to require, under GATT, relaxation of the restrictions imposed. The United States should not press for early relaxation of restrictions.

Under GATT, consultation regarding import restrictions also envisages a consideration of alternatives. These might include devaluation, increased borrowing from hard-currency countries, in the case of the United Kingdom limiting the flow of payment to other sterling countries on outstanding debts which results in an unrequited diversion of exports to sterling countries, a decrease in the outflow of capital, domestic measures to limit consumption of exportable goods, and other internal monetary and fiscal measures. The possibility of such alternative measures was thoroughly considered in connection with or during the recent Tripartite talks, and some of them, notably devaluation, have been adopted. While the Delegation may feel free to participate in discussion at Geneva regarding alternatives it would not appear necessary for it to take the initiative in such discussion or to seek to press specific alternatives upon the United Kingdom and the other countries concerned. In particular the Delegation should be careful to avoid statements which imply a critical attitude toward domestic social services and other aspects of the welfare state. The United States should favor the expansion of exports which will earn convertible currency as an alternative to import restrictions.

Furthermore, the delicate situation between India and Pakistan would make it highly unneutral for this country to suggest within the GATT framework the devaluation which India is already pressing Pakistan to adopt.

Article XII of GATT also requires that restrictions imposed not prevent unreasonably the importation of token quantities of goods, a requirement which most of the sterling countries are not observing. The same is also true for a number of other countries, however, and thus any raising of this question should be done generally with respect to all those contracting parties totally excluding certain classes of imports and not with respect to a select few contracting parties only. Since it has been decided not to raise this question generally at the Fourth Session, it would be inappropriate to raise it only with respect to the sterling countries.

Another requirement of GATT is that restrictions avoid unnecessary damage to the commercial interests of other contracting parties. The total exclusion of American leather belting from India may be mentioned in this connection; this case has already been brought to the attention of India which has promised reconsideration of it.

Furthermore, while GATT permits deviation from the standards of Article XIII, it is questionable whether resort to the use of licensing instead of quotas, as envisaged in Article XIII, paragraph 1(a), is necessitated by balance of payments difficulties. The Delegation may therefore inquire whether it is not practicable to use and publish

quotas for imports of different commodities. With the exception of the United Kingdom none of the countries which have intensified restrictions do so, and Australia, New Zealand and possibly Ceylon do not even publish lists of commodities which are "licensable".

Should it develop that *ad hoc* licensing as distinct from the use of quotas is the only practicable procedure in any particular case, the Delegation may still wish to request additional relevant information concerning the administration of the restrictions, import licenses granted over a recent period and the distribution of such licenses among supplying countries as contemplated in Article XIII 3(a). Reference may also be made in this connection to Article X-1, which requires the publication, among other things, of regulations pertaining to restrictions or prohibitions on imports.

Complaints of the kind outlined above are likely to go far beyond the intensification as such and apply to the general application of import restrictions by the countries concerned. Hence, the Delegation may also take these matters up, if appropriate, in connection with the general review of import restrictions under Article XIV-1(g).

Criteria in GATT Applicable to Discriminatory Import Restrictions for Balance-of-Payments Reasons

GATT contains two alternative bases of discrimination for balance-of-payments reasons, one under paragraphs 1(b) and (c) of Article XIV (the so-called "Havana" option) and the other under Annex J (the "Geneva" option).† The recent intensification of restrictions on dollar imports may be examined for conformity to these standards, though bearing in mind our acceptance of the general proposition that increased restriction of dollar imports was necessary and attempting to cite only cases of unauthorized discrimination.

Even in this relatively narrow framework, it will be necessary to avoid being placed in the position of having to indicate what alternative restrictions we would prefer to those to which we may take exception. This Government might be involved in difficulties with various United States domestic interests if it secured the removal of an unauthorized discrimination but, in the process of doing so, indicated that another restriction, affecting adversely some other American industry, was preferable.

A further general consideration is the situation resulting from the fact that the United Kingdom is bound by Section 9 of the Anglo-American Financial Agreement to administer import restrictions "on

† Of the countries here considered, India, Pakistan, Australia, New Zealand and Burma, come under the Havana option, and the United Kingdom, Ceylon, Southern Rhodesia under the Geneva option. [Footnote in the source text. Regarding Annex J, see footnote 1, p. 727.]

a basis which does not discriminate against imports from . . . [the United States] ¹ in respect of any product" with certain exceptions. In view of this commitment the Delegation should make clear that the United States regards the discussion of discrimination as being solely for the purpose of determining the consistency of the restrictions in question with the obligations of GATT, without prejudice to the obligations any of the countries involved may have under other international agreements. Also, although key Congressmen have been consulted regarding the Financial Agreement and its relation to measures taken by the United Kingdom for balance-of-payments reasons, it would be desirable to conduct any discussion of the extent of British discrimination with a minimum of publicity.²

British intensification of restrictions on dollar imports is the case about which the most information is available, but even in this case we lack information of the kind needed to determine whether British practice conforms to GATT, and particularly to Annex J (the Geneva option). We do not even know to what extent there will be substitution of imports from soft-currency countries. We do not know, moreover, at what prices such increased imports are being purchased or the extent to which they may be paid for under arrangements providing for increased exportation of products which cannot compete on world markets or which otherwise might be available for earning convertible currencies.

Because the original British import program was presumably drawn up with a view to obtaining from the United States and other hard-currency countries mainly commodities not obtainable from sterling areas, some of the intensification may result in reduction in consumption rather than in new discriminations. Furthermore the one class of commodities which the British might most easily replace from soft-currency countries, namely agricultural commodities, is the class which has been cut the least of all, so that there would be little ground for contending that our interests have been unnecessarily damaged in this area.

As concerns prices, early in 1949 considerable effort was made by an NAC working group and by the Embassy at London to proving cases of this sort at the request of the Department of Agriculture, with very little success. The plan to hand the British a note on the subject was dropped.

¹ Brackets appear in the source text.

² For documentation on the negotiations at Washington leading to the conclusion of the Anglo-American Financial Agreement of December 6, 1945, see *Foreign Relations*, 1945, vol. VI, pp. 1 ff.: for text see 60 Stat (pt. 2) 1841, TIAS No. 1545. For discussion of the section 9 problem within the GATT context, see *Foreign Relations*, 1949, vol. I, footnote 9, p. 656, and footnote 2, p. 658.

One point on which the Delegation may want to make further investigation is whether the intensification has been effected equitably as among hard-currency countries. There should be no discrimination among hard-currency countries in the procurement of goods which all of the countries are able to supply. Where an essential product is available in one hard-currency country and not in others there would appear to be grounds for differences in overall proportionate reduction in imports from different hard-currency countries.

The Department of Commerce has prepared a table showing, by main commodity groups, 1948 actual imports from United States, Canada and the dollar area compared with the original and final 1949-50 import programs. A second table shows the proportion of total imports supplied by the United States and Canada in 1937, which was chosen as a representative prewar year, and in 1948. Both tables are in Annex B.³ The first table shows that, in the final 1949-50 program as compared with the original program for the same year, the United States bears on an overall basis relatively less reduction than Canada, namely a reduction of 17 percent on purchases from the United States as compared with a reduction of 21 percent on purchases from Canada. Other dollar areas appear to take very little cut, chiefly because sugar purchase figures in the two programs are not comparable, the final program including a large amount of sugar to be used in manufactures for reexport. If the sugar figures are made comparable, the percentage cut on other western hemisphere purchases is at least as sharp as that on Canadian purchases. A sizeable amount of dollar purchases is to be bought wherever in the dollar area the best price can be obtained, but even if all of this amount were finally purchased outside the United States it is not likely that any area would fare better than the United States in overall percentage of reduction of purchases.

Should the Canadians take exception to this situation, claiming that the British have discriminated against them, the United States Delegation may wish to point out that the overall differential as between Canada and the United States does not necessarily indicate discrimination among dollar sources of supply, since discrimination must be evaluated not in terms of total purchases subject to cut but in terms of individual commodities. As a second table in Annex B shows, between 1937 and 1948 Canada gained on an overall basis as a supplier to United Kingdom relative to the United States. Also Canada fared better than the United States as a supplier of nearly all agricultural commodities,

³ Tables not printed. Annex B is printed only in part, following. *In toto*, it consists of 15 legal-size pages of factual information and tables on the restrictive systems in effect in 1950 in the United Kingdom, India, Pakistan, Ceylon, Australia, New Zealand, and Southern Rhodesia.

especially wheat. Only in nonferrous metals, machinery, chemicals and petroleum did the United States make substantially greater improvements than Canada in the share of total United Kingdom imports supplied. Unquestionably these are categories in which many products would not be available from Canada.

Annex A

GOLD AND DOLLAR RESERVES OF THE STERLING AREA

EXCHANGE EQUALIZATION ACCOUNT HOLDINGS OF GOLD,
UNITED STATES AND CANADIAN DOLLARS

| | <i>In Millions of U.S. Dollars</i> | <i>In Millions of £ at old rate</i> | <i>In Millions of £ at new rate</i> |
|--------------------|--|---|---|
| December 31, 1948 | 1, 856 | 457 | |
| March 31, 1949 | 1, 912 | 471 | |
| June 30, 1949 | 1, 651 | 406 | |
| September 30, 1949 | 1, 425 | | 509 |
| December 31, 1949 | 1, 688 | | 603 |

Annex B

[Extract]

FACTUAL STATEMENTS ON INTENSIFICATION OF RESTRICTIONS BY
BRITISH COUNTRIES

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B. BRITISH IMPORT LICENSING POLICIES

An import licensing regime, instituted for some commodities at the beginning of the war by the Government of the United Kingdom and subsequently extended, has applied to almost all imports since June 10, 1940, although open general licenses are issued for a few commodities regardless of country of origin and for a larger number of commodities the product of soft-currency OEEC countries. The wartime system for controlling imports has been continued to the present time in essentially the same form. The major change in import licensing policies dates from the convertibility crisis of 1947 after which increasing emphasis was placed on the diversion of imports from hard to soft-currency sources of supply. Since the end of 1947, import licensing policy has been to cut imports from the United States and other dollar countries to the lowest possible level and to issue licenses for the import of all possible supplies of essential foodstuffs and raw materials from the sterling area and other soft-currency countries obtained in large measure by means of bilateral agreements and other purchasing arrangements. Import licenses for luxury goods and other items not considered as essential have been issued for such goods obtained from

some European countries. These licenses are issued only as a means of balancing off a United Kingdom export surplus with those countries after the maximum available amount of essential commodities had first been obtained.

The import licensing system dictates the size, composition and source of imports through private trade channels into the United Kingdom. The import program has three major objectives: (1) to provide adequate supplies of goods for the maintenance of the health and well being of the people under a strict system of rationing of basic essentials, (2) to secure the necessary raw materials to keep industry producing at the highest possible level, and (3) to switch the source of imports, wherever possible, and under existing agreements, from hard to soft-currency areas.

To accomplish these objectives, British import control operates under the following three types of licensing:

Open General Licenses

Open general licenses have been issued for a small range of products when imported from specified countries and recently the lists have been extended for imports from certain OEEC countries. Separate lists of goods which may be imported freely under open general licenses when they come from the area specified are issued from time to time by the Board of Trade. Foreign exchange is issued automatically to cover payments for these products, as the open general license lists are so designed that there is little loss of dollar exchange through the trade in these products. Most of the items specified in the lists come either from the sterling area or a soft-currency country or they are of little trade importance involving a small outlay of dollars.

In accordance with the plans of the Organization for European Economic Cooperation for the general liberalization of intra-European trade, the President of the Board of Trade has relaxed import licensing regulations with that area. With certain exceptions, from October 5, 1949, a wide range of goods was permitted to be imported into the United Kingdom under open general license from all countries in the OEEC except Belgium and the Belgian Congo, Luxembourg, Switzerland, and Western Germany. Sterling area and other countries to which relaxation could be applied without losing gold or dollars were also included in the list.

The commodities designated were food, drink and animal feeds, mineral products and metals, oils and waxes, vegetable fibers, chemicals, apparel, textiles, vehicles, pottery, medical and surgical appliances, electrical goods, metal manufactures, books, and many miscellaneous items. A few of the horticultural items are subject to

licensing control at the main season of home production. Pulp, paper and board will be added to the list on April 1, 1950. This deferment was considered necessary to coincide with the reversion of the buying of paper-making materials to private trade.

Open general licenses cover products imported from four areas, a separate list being issued for the items which may come from each area.

1). Goods consigned from any country. This list includes products for which import control is either impracticable or undesirable, and of little trade importance, such as fresh shell fish (other than frozen); books and periodicals in single copies sent through the mails; seaweed; ivory (animal); architectural or engineering designs; press photographs; newspapers; exposed cinematograph films; hydrographic charts; maps and plans; gold bullion and coin, and gold ores, concentrates, and residues.

2). Goods consigned from any part of the British Commonwealth. This list is very short, and comprises the following: Live animals, quadruped, other than horses; flower bulbs, corms and tubers, and anemones; rough, precious and semiprecious stones; tin, in blocks, ingots, bars and slabs, wool, sheep's and lambs', raw, (slipped or skin wool and wool in the fleece, greasy, washed, scoured or carbonized).

3). Goods consigned from Ireland. This list includes the following: Agricultural and vegetable seeds; beer; bog ore; fresh milk and buttermilk; dairy machinery; hydrocarbon oils, iron pyrites; jute bags and sacks; paints and varnishes; religious emblems; road vehicles; sand; yeast; and wood and timber in the round, hewn or square sawn.

4). Goods consigned from particular countries. This list comprises items which are of little trade importance, and in the main are luxury food items which contribute to better morale under a strict system of rationing. It includes such products as walnut in shell imported from France and Italy; dates from France, French Morocco, Algeria and Tunisia; gherkins in brine from France, French Morocco, Algeria, Tunisia or the Netherlands; fresh fish from Denmark, Ireland, France, Holland, Iceland, Norway, Poland, Spain or Sweden; preserved fruit, crystallized, *glacé*, or *metz*, from France; silver-skinned onions from the Netherlands; lace from Malta.

Special Licenses

The bulk of British imports are subject to the granting of a special license either by direct application to the Import Licensing Department of the Board of Trade, or by application to the official commodity control authorities of the Ministry of Supply or the Ministry of Food who transmit approved applications to the Board of Trade for issue of the licenses.

Under the British Token Import Plan, licenses are granted automatically by the Board of Trade for specified manufactured goods imported from certain countries (including the United States) up to 20 percent of the average annual value of the individual manu-

facturer's export of the specific items to the United Kingdom for the years 1936, 1937, and 1938.

Trans-shipment Licenses

With the exception of the following goods, licenses are not required for goods which are imported and entered with the customs for exportation after transit through the United Kingdom, or by way of trans-shipment: Butter; all fats and oils (edible and non-edible including shortening and margarine); all oil-bearing seeds; soap; fresh, frozen, pickled, salted, smoked, canned, and dehydrated meat (excluding fresh and frozen poultry, game, rabbits, and venison).

One of the principal advantages of the present system from the standpoint of the British authorities is its almost instant adaptability to changing conditions and requirements. The enabling authority granted to the Board of Trade is exceedingly broad in scope and general in terms. Similarly, the specific import control orders are themselves general, leaving for day-to-day adjustments, if required, the degree of restriction to be imposed. Such adjustments are made with public notice, but actual practice is in fact often contrary to public announcement.

The system also permits, with or without public notice, the allocation of imports to Empire countries, or to any specified foreign country or countries, on a differential basis, and the adjustment of these allocations quickly from time to time, as required or desired, without legislation or formal regulation of any kind.

A large number of official commodity controls were set up in the Ministry of Supply at the beginning of the war. At first these controls were mainly for the purpose of controlling domestic trade in the major essential raw materials, but the number of controls and the scope of their activities was gradually extended to include a large number of commodities, and in many cases the control of all phases of the respective trades covered. Originally not directly associated with the import licensing system, these controls gradually took over the effective, as distinct from the formal control of the importation of the commodities under their jurisdictions, and for some commodities, applications for import licenses are made only to the appropriate control of the Ministry of Supply for approval and transmission to the Import Licensing Department of the Board of Trade.

The Ministry of Food is the sole importer of all basic foodstuffs so that any food product (with the exception of certain fresh fruits and vegetables in season) is either directly purchased by the Government or with the assistance of existing importing concerns. When

private importing channels are utilized by the Ministry of Food, applications for import licenses are directed to the Board of Trade through the Ministry of Food.

To summarize the United Kingdom's import control policy: (1) imports from dollar countries and other hard-currency areas are strictly controlled, and limited to essential goods which are needed for the domestic economy or are necessary raw materials for British industry and cannot be procured from the sterling area; (2) licenses for imports on Government account from the other OEEC countries are granted in accordance with the terms of the bilateral trade agreements concluded with most of these countries. The majority of imports coming through private trade channels are now under open general license; (3) licenses for imports from the sterling area are granted chiefly in accordance with the terms of the bulk purchase agreements concluded with British Empire countries.

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International Trade Files, Lot 57D284, Box 111

*Memorandum Submitted by the United States Delegation to the
Fourth Session of the Contracting Parties to GATT*

RESTRICTED LIMITED C
GATT/CP.4/15

[GENEVA,] 23 February 1950.

ARRANGEMENTS FOR REGULAR REPORTING IN ACCORDANCE WITH
PARAGRAPH 2 OF ANNEX J

Paragraph 2 of Annex J provides:

"Any contracting party taking action under paragraph 1 of this Annex shall keep the *Contracting Parties* regularly informed regarding such action and shall provide such available relevant information as the *Contracting Parties* may request."

It should be noted that no similar provision applies to the contracting parties which have not elected to be bound by Annex J. This unique requirement is presumably due to the fact that the limitations upon discriminatory import restrictions imposed by Annex J are more specific than and quite different in form from those contained in paragraphs 1(b) and (c) of Article XIV.

The United States considers it desirable that in the course of reviewing the data which the *Contracting Parties* have submitted for purposes of the report required by Article XIV 1(g), the existence of this special reporting requirement should be borne in mind. It may be that the problems which the *Contracting Parties* will encounter in

reviewing and appraising the data submitted pursuant to GATT/CP/39¹ will suggest the desirability of obtaining supplementary information on a regular basis from countries who have elected to be governed by the provisions of Annex J.

¹ Under paragraph 1(g) of the General Agreement, the Contracting Parties were required to report not later than March 1, 1950, and on each year thereafter on any action under Annex J ("exceptions to the rule of nondiscrimination"). A questionnaire was circulated by the GATT Secretariat to the Contracting Parties on October 7, 1949, requesting such information (Doc. GATT/CP/39). See further, footnote 1, p. 748.

International Trade Files, Lot 57D284, Box 111

*Working Paper of the United States Delegation to the Fourth Session
of the Contracting Parties to GATT*

RESTRICTED LIMITED B
GATT/CP.4/16

[GENEVA,] 25 February 1950.

PROVISIONS OF THE AGREEMENT WHICH CONTEMPLATE SUBMISSION OF
INFORMATION TO THE CONTRACTING PARTIES

NOTE BY THE EXECUTIVE SECRETARY

At the second meeting of this Session, the *Contracting Parties* requested the Secretariat to prepare a list of the provisions of the Agreement which require individual contracting parties to submit information to the *Contracting Parties*.

The following is a review of the provisions of the agreement which in one way or another involve the submission of information to the *Contracting Parties*.

(a) *Information to be furnished regularly:*

Annex J, paragraph 2: This appears to be the only provision in the Agreement where regular submission of information is required. The character of the requirement has been pointed out and discussed in the memorandum submitted by the United States (GATT/CP.4/15).¹

(b) *Information required if and when specific action is taken by a contracting party:*

The following provisions of the Agreement require the submission of information specifically when or before a certain action is taken:

(i) *Article XVI: Subsidies.* A contracting party which grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to increase exports of any product from, or to reduce imports of any product into, its territory, is re-

¹ *Supra.*

quired to notify the *Contracting Parties* of the extent and nature of the subsidization, of the estimated effect of the subsidization on the quantity of the affected product or products imported into or exported from its territory and of the circumstances making the subsidization necessary.

(ii) *Article XIX: Emergency Action on Imports of Particular Products.* Paragraph 2 requires a contracting party to give prior notice to the *Contracting Parties* of any decision to suspend an obligation or to withdraw or modify a concession under the provisions of paragraph 1.

(iii) *Article XXIV: Customs Unions and Free Trade Areas.* A contracting party deciding to enter into a customs union or free trade area, or an interim agreement leading to the formation of such a union or area, is required to notify the *Contracting Parties* (sub-paragraph 7(a)). Similarly, a contracting party making a substantial change in the plan or schedule included in such an interim agreement is required to advise the *Contracting Parties*.

(c) *Information which may be requested by the Contracting Parties*

In certain articles of the Agreement, it is expressly provided that the *Contracting Parties* may request from contracting parties reports on steps taken by them in pursuance of the provisions of a certain article or information which is necessary for carrying out a certain action by the *Contracting Parties*.

(i) *Article VII: Valuation for Customs Purposes.* The *Contracting Parties* may request contracting parties to submit reports on steps taken by them in pursuance of the provisions of this Article.

(ii) *Annex J:* Under paragraph 2 of this Annex the *Contracting Parties* may request a contracting party taking action under paragraph 1 to provide relevant information regarding such action.

On the other hand the *Contracting Parties* are required by the provisions of the Agreement to take certain action at certain prescribed times or under certain prescribed conditions. In taking such action, it may be thought advisable for the *Contracting Parties* to request information from individual contracting parties, although there is no explicit provision in the Agreement obliging the individual contracting parties to supply such information. The following are among such provisions:

(i) *Article XII: Restrictions to Safeguard the Balance of Payments:* Under paragraph 4(b) the *Contracting Parties* are required to review all restrictions applied under Article XII not later than January 1, 1951, and under paragraph 5 the *Contracting Parties* are required to initiate discussions in the event that there exists a persistent and widespread application of restrictions under this Article.

(ii) *Article XIV: Exceptions to the Rule of Non-Discrimination:* Under paragraph 1 (g) the *Contracting Parties* are required to report

not later than March 1, 1950 and in each year thereafter on any action still being taken by the contracting parties under sub-paragraphs (b) and (c) or under Annex J.

International Trade Files, Lot 57D294, Box 110

*Position Paper for the United States Delegation to the Fourth Session
of the Contracting Parties to GATT*

RESTRICTED

[WASHINGTON,] March 3, 1950.

TAC D-117/50

REPORT ON EXCEPTIONS TO THE RULE OF NON-DISCRIMINATION
ARTICLE XIV-1(g)

PROBLEM

Article XIV-1(g) provides that

“Not later than March 1, 1950 . . . and in each year thereafter, the *Contracting Parties* shall report on any action still being taken by contracting parties under sub-paragraphs (b) and (c) of this paragraph or under Annex J. . . .”

A questionnaire (GATT/CP/39) was circulated to the CPs and a report based on the replies to this questionnaire and other information will be prepared at the Fourth Session in accordance with Article XIV-1(g).¹

RECOMMENDATION

In the preparation of the report required by Article XIV-1(g), the United States Delegation should participate on the basis of the following considerations:

1. In accordance with our understanding with the British, the Delegation should avoid provoking the United Kingdom Delegation into making statements as to the basic policies governing the operation of their discriminatory trade controls and arrangements. If however, the United Kingdom Delegation or some other Delegation should provoke a discussion of these basic policy issues, or if, in the process of preparing the report these issues should be raised, the United States Delegation should seek further instructions regarding the nature of the statement which should be made in reply by the United States Government.

¹ In reply, 20 of the Contracting Parties had acknowledged that they were applying import restrictions under Article XII in order to safeguard their external financial position and were taking advantage of the transitional period arrangements of Article XIV for not fully observing the rule of nondiscrimination. The countries reporting such restrictive practices were Australia, Brazil, Canada, Ceylon, Chile, Czechoslovakia, Denmark, Finland, France, Greece, India, Italy, the Netherlands, New Zealand, Norway, Pakistan, Sweden, Southern Rhodesia, South Africa, and the United Kingdom.

2. However, the Delegation should point out the necessity in terms of the objectives of the GATT, of expediting the restoration of world-wide multilateral trading and full currency convertibility. It should be emphasized that a positive approach to the solution of balance-of-payments problems is through increased exports, particularly to hard currency areas, instead of the continued use of import restrictions.

3. The Delegation should, of course, review the discriminatory restrictions which are being applied in the light of the standards set up by the GATT.

4. If the factual information contained in the replies to the questionnaire do not appear to be adequate to permit a judgment as to whether or not the discriminatory restrictions are being applied consistently with the GATT, the Delegation should propose that the necessary information be obtained.

DISCUSSION

The British have agreed to revise their reply to the questionnaire (GATT/CP/39) to eliminate the sections setting forth the basic policy objectives underlying the United Kingdom's discriminatory trade controls and arrangements. The United States has agreed, in return, not to raise issues in this connection which would call for an exposition of basic policy on the part of the British. This arrangement was agreed to by the United States because there was not enough time to obtain government-wide agreement on the substantive reply which would have to have been made by the United States to the original British policy statement.

However, the Delegation should take the opportunity to indicate the necessity of expediting the return to world-wide multilateral trading, and of increasing exports to hard-currency areas as a positive means of helping to alleviate balance-of-payments difficulties. The making of such a statement is consistent with our understanding with the British.

International Trade Files, Lot 57D284, Box 111

Extract From Confidential Report by Mr. Henry F. Grady, Chairman of the United States Delegation to the Fourth Session of the Contracting Parties to GATT, to the Secretary of State

CONFIDENTIAL

[WASHINGTON, April 1950.]

10. *Intensification of Import Restrictions Under Article XII.*

The position paper recommended that the Delegation should accept in principle that the general level of intensification of restrictions on dollar imports imposed by the sterling countries in July of 1949 was consistent with GATT obligations. The Delegation was to develop

as much factual information as possible concerning administration of the restrictions.

Prior to consideration of this item by the Contracting Parties, the Delegation was informed by representatives of the International Monetary Fund that it was prepared to enter into consultation only with respect to the United Kingdom, and that it had not been previously informed that such consultation would extend to other countries. Accordingly, the Delegation informed the Department that it intended to proceed with the UK consultation, deferring consultation with the other Commonwealth members and Chile. The Department subsequently approved this course of action in Tagg 64.¹

When the item finally came up for discussion in the working party, the Representative of the IMF made the announcement previously communicated to the US Delegation, that he was prepared to enter into the consultations only with respect to the UK. Accordingly it was agreed to defer consultations until the next session and on the suggestion of New Zealand, that the sterling area countries should be considered together, it was decided that the UK consultation should also be deferred. No commitment was made by the US Delegation to consult with these countries on a group basis.

11. *Report on Exceptions to the Rule of Non-Discrimination, Art. 14(1) (g).*

The position paper stated that in accordance with an understanding with the British, the Delegation should avoid provoking the UK into making statements on basic policies governing the operation of its discriminatory trade controls. The Delegation was, however, to point out the necessity of restoring multilateral trade and full convertibility of currencies and that the solution should be found in increased exports to hard currency areas. The Delegation was also instructed to review the restrictions in the light of the standards of the Agreement and to request additional information on the restrictions if it was needed to judge their consistency with the Agreement.

Individual reports were examined in the working party on a country by country basis. The Delegation put questions to the various representatives designed to obtain supplementary information where the reports were considered to be inadequate. Telegrams from the Department (Tagg 46)¹ suggesting additional questions assisted greatly in this process. A report was prepared and approved for

¹ Not printed.

publication which was satisfactory to US objectives and consistent with the instructions of the Delegation.²

One problem was raised during discussion in the working party and in plenary session that is likely to recur in later sessions. Several countries raised the question of the degree of consistency existing between the OEEC liberalization program and the GATT. The Ceylonese delegate stated that a full discussion will be demanded at the next session.

12. *Arrangements for Regular reporting in Accordance with para. 2 of Annex J and for Reporting in Accordance with Article XVI.*

The Delegation's instructions with respect to reporting under the provisions of Annex J were contained in the Department's telegram Tagg 75³ and listed detailed points which should be included in any questionnaire prepared to implement the requirements of para. 2 of Annex J. The position paper with respect to Article XVI reporting stated that the Delegation should attempt to assure the submission of the reports called for, with as little appearance of initiative on the part of the United States as possible.

The Delegation's instructions with respect to Article XVI reports were fully met when a resolution sponsored by the Canadian Delegate was approved. This resolution recommended that all contracting parties applying subsidies affected by the provisions of Article XVI should submit a report by August 1, 1950, and that any measures instituted after that date should be notified to the Contracting Parties as soon as possible.

²The Working Party concerned incorporated into Doc. GATT/CP.4/37, 30 March 1950 (Lot 57D284, Box 111) an examination in depth of the question of the discriminatory application of import restrictions under the transitional period arrangements of Article XIV. Most of the 20 countries taking action under Articles XII and XIV belonged "to one or other of two groups which have cooperative arrangements either for the inter-convertibility of their currencies or in respect of payments for their mutual trade. . . . The first group is the sterling area and the second comprises the members of the Organization for European Economic Cooperation." A very specific effect of import restrictions was described at the end of the analysis:

"... It is evident . . . from a review of the information supplied in response to the Secretariat's enquiry that the action taken under the provisions of Article XIV and Annex J has had the effect, as far as trade among the contracting parties is concerned, that the twenty countries applying restrictions have encouraged the expansion of trade among themselves while reducing purchases in convertible currencies notably in United States dollars and Swiss francs and in other relatively 'hard currencies' such as Canadian dollars and Belgian francs, and avoiding unfavorable trade balances that would require settlement in these currencies or in gold."

On April 1 the Contracting Parties incorporated the findings of this report into their First Report on the Discriminatory Application Of Import Restrictions. (Information GATT No. 22, April 1, 1950 (Geneva))

³Not printed.

In respect of reporting under Annex J, most delegations felt that in view of the fact that the Secretariat was being instructed to prepare a questionnaire for use in reporting under the provisions of Article XIV(1)(g), and Article XII which would include many questions applicable to Annex J countries, it was not necessary to make additional arrangements at this stage. The Secretariat was instructed however, in the final report, to bear in mind the requirements of Annex J and the discussions which had taken place in the working party. As reported in the telegram Gatt 114,⁴ this procedure had previously been agreed to by the Delegation in conversations with the Chairman of the working party (Deutsch of Canada) because it would give the United States more time to consider the substance of the Annex J Questionnaire and submit suggestions, if any, to the Secretariat at a later date. Questionnaires, covering all subjects are to be agreed on at the Fifth Session in time for submission to member governments by the end of the year.⁵

⁴ Not printed.

⁵ Regarding sessional documentation, see footnote 2 above.

NAC Files, Lot 60D137, Box 367

*Memorandum by the National Advisory Council Staff Committee to
the National Advisory Council*

CONFIDENTIAL

[WASHINGTON,] October 13, 1950.

Doc. No. 1053

Subject: Intensification of Import Restrictions by the United Kingdom, India, Pakistan, Australia, Ceylon, New Zealand and Southern Rhodesia.

1. *The Problem*

In the summer of 1949 the Governments of the British Commonwealth countries listed above agreed to intensify restrictions on imports from dollar area countries so as to reduce their total dollar imports by approximately 25 per cent. The Governments of these countries stated that the additional restrictions were required for balance of payments reasons. Pursuant to the provisions of the General Agreement on Tariffs and Trade these countries have agreed to consult with the Contracting Parties about changes in their import restrictions, and the Contracting Parties have, in turn, requested the advice of the International Monetary Fund on the financial and balance of payments aspects of the import restrictions imposed by these countries. The United States Executive Director of the International Monetary

Fund has requested the advice of the Council as to the form and the scope of the report which the IMF should make to GATT, as well as the nature of the recommendations to be included in the report.

2. Background

All of the countries involved in this investigation are in the sterling area and Southern Rhodesia is also in the common currency quota of the U.K. in the IMF. India, Pakistan, Ceylon and Australia and New Zealand do not independently hold substantial reserves of gold and dollars. It is their practice, as members of the sterling area, to maintain their foreign exchange reserves in sterling. When they achieve dollar surpluses as a result of their payments relationships with other areas, they traditionally sell the surplus dollars to the United Kingdom. When they incur deficits which must be met in dollars, they traditionally obtain those dollars from the United Kingdom.

In the summer of 1949 when the action to restrict dollar imports was taken, the gold and dollar reserves of the United Kingdom were falling at a rate of approximately \$1 billion per year. All of the countries mentioned above were, individually, incurring deficits in their payments relations with the dollar area, although Ceylon had had a dollar deficit for only a very short period of time, this deficit for Ceylon might have been due to seasonal factors in the country's trade.

Since the devaluation of sterling, however, the dollar position of the sterling area as a whole and the position of each of the individual countries mentioned above, with the exception of Pakistan, has improved materially. The reserves of the United Kingdom have risen from a low of \$1,330 million on September 18, 1949 to \$2,756 million on September 30, 1950. Although a part of the increase in the sterling area reserves had been attributable to ECA assistance and to drawings on the Canadian credit, a significant portion of the increase has been earned. Since January 1, 1950, the United Kingdom, including the dependent territories which are associated with it in the common currency quota of the International Monetary Fund, has achieved a substantial dollar surplus quite apart from the receipt of external assistance. India, Ceylon, Australia and New Zealand also have had a surplus in their balance of payments relations with the dollar area since January 1, 1950 although some of the surpluses have been fairly small. Only Pakistan has remained in deficit with the dollar area.

3. Discussion

At this time a primary objective of the United States and the Free World is to strengthen military defenses. U.S. policies in the trade and exchange field must necessarily be compatible with this objective.

The United States should continue to encourage the progressive removal of discriminatory trade and exchange barriers so long as the removal of these barriers does not interfere with the rearmament effort.

Since, with the exception of Pakistan, each of the individual countries for which a report has been requested, has an earned surplus with the dollar area, there would no longer appear to be a justification on balance of payments grounds for the retention of discriminatory import restrictions against dollar area imports at their present level, unless the rearmament effort or other U.S. programs were expected to bring about a reversal of the balance of payments position.

The question also arises as to whether these countries are to be treated as a unit and the rise or fall of the dollar reserves of the United Kingdom utilized as the basis for justifying a particular level of discrimination in each of the sterling area countries. This would imply acceptance of a uniform policy toward intensification or relaxation of restrictions.

The alternative is to treat each country separately and base recommendations on the dollar position of the individual country without regard for the trend of the reserves of the United Kingdom. This would imply that one country might relax restrictions even though U.K. reserves were dwindling and other countries were intensifying restrictions.

Any attempt by the United States Executive Director of the International Monetary Fund to recommend the use of this latter principle as the basis for the Fund's report to GATT might be interpreted by the Government of the United Kingdom as a direct challenge to the sterling area system. On the other hand, should the United States Executive Director approve a report based on the principle first stated, he would tacitly be indicating United States acceptance of sterling area arrangements as consistent with the objective of the International Monetary Fund and United States international financial policy in general.

This is not considered an appropriate time for the United States to challenge the sterling area arrangements as such. Nevertheless, the United States should avoid any indication that it approves these arrangements. It seems necessary, therefore, for the United States Executive Director to advocate an approach in the International Monetary Fund and a report or series of reports to GATT which avoid these pitfalls. Existing circumstances appear to permit a position which will avoid either a challenge to or an acceptance of sterling area arrangements.

The International Monetary Fund should make separate reports to GATT on each of the individual countries for which a report has

been requested, with the exception of Southern Rhodesia. Being in the common currency quota of the U.K., Southern Rhodesia might appropriately be grouped with the U.K. in a single report. These reports would set forth the facts as to the payments position of each of the individual countries with the dollar area.

Where it is apparent that an individual country is itself achieving a surplus in its relations with the dollar area, the Fund's report should recommend some relaxation in the severity of the discriminatory restrictions applied to imports from the dollar area, without referring to or relating the problem to the trend of—or the level of—the gold and dollar reserves of the United Kingdom. Since the U.K.'s reserves are rising and since the recommendation is the same for the U.K. itself, it seems possible to recommend some relaxation in these other countries without the recommendation appearing to be a challenge to the sterling area system. If an individual country appears to be in balance or incurring a deficit with the dollar area, the Fund need take no account of whether the country in deficit might negotiate with the U.K. for dollars and share the relaxations.

It should be recognized, of course, that the Fund's report could be utilized as a justification for a further tightening of import restrictions against the dollar area if the particular country in deficit should so desire.

The recommendations in the report covering the United Kingdom should also be based upon the surplus or deficit with the dollar area rather than upon the trend of reserves. The United Kingdom and the dependent territories which are a part of its common currency quota in the International Monetary Fund should be treated as a unit and the report should recommend that the United Kingdom and its dependent territories devote a significant portion of any anticipated earned dollar surplus, taking the rearmament effort into consideration to the relaxation of restrictions on imports from the dollar area.

United Kingdom reserves at present equal in value the imports of the United Kingdom for a period of between four and five months. While there is no satisfactory method of determining a country's minimum reserve requirements, there seems to be no justification for the position that Britain's gold and dollar reserves are so low as to require that the entire amount of any earned surplus of dollar transactions needs to be devoted to a further rebuilding of reserves. On the other hand we should avoid pressing too hard initially and permit some margin of safety as protection against a reversal of the recent favorable trend in the international accounts of these countries. This is particularly true at the present time when many countries are rapidly increasing their defense expenditures with consequent major reper-

cussions on price levels, on import requirements, and on export availabilities.¹

¹ The following action (No. 426) was taken unanimously by the Council through a telephone poll completed on October 16, 1950:

"The National Advisory Council advises the United States Executive Director of the International Monetary Fund that he should seek to obtain separate reports by the Fund to the Fifth Session of the Contracting Parties to GATT on the external financial position of the United Kingdom (including its dependent territories and among them Southern Rhodesia), India, Pakistan, Ceylon, Australia and New Zealand, recommending that with respect to each of the individual countries named which currently has a surplus in its balance of payments with the dollar area, a measure of relaxation of restrictions against imports from the dollar area would appear feasible.

In presenting this position the U.S. Executive Director should note that defense programs may react adversely on the net dollar earnings of certain of these countries and make clear that in the present situation priority must be given to defense considerations." (NAC. Doc. No. 88, October 16, 1950, Lot 60D137, Box 367)

394.31/10-1950

Memorandum of Conversations, by the Chief of the Monetary Affairs Staff (McDiarmid)

CONFIDENTIAL

[WASHINGTON,] October 19, 1950.

Participants: Mr. Frank Southard, U.S. Executive Director, IMF¹
 Mr. Leddy—ITP
 Mr. McDiarmid—NM

Mr. Southard called me this morning for the purpose of reviewing the progress of the Fund ITO-GATT Committee which is preparing reports on the import restrictions of the sterling area countries for the Fifth Session of the GATT. He indicated in general terms the recommendations being considered on the various countries which appear to conform to the NAC action. The Fund would suggest some relaxation for all the sterling area countries except India and Pakistan, but in the case of Chile the Fund would indicate that it had been keeping the Chilean restrictions under review and does not consider that further relaxation would be appropriate at this time. I had previously suggested an action along this line in the case of Chile after clearing with ARA. The main point which Mr. Southard wanted to raise was the Department's attitude towards the position which all the sterling area countries are taking in the Fund, namely, that, while the need for the maintenance of the present level of discrimination may be an appropriate subject to discuss, it is *not* the subject now before the Fund or the Contracting Parties. That subject is, in the British view, whether or not the action pursuant to the London

¹ Mr. Southard was also Special Assistant to the Secretary of the Treasury.

Agreement of July 1949 was justified in view of the then existing situation. In previous discussions with Mr. Southard on this subject I had furnished him with the record of the Geneva meeting of the Contracting Parties which called for a consultation on the "recent changes in the import programs" of the sterling area countries and indicated that the British had agreed to "discuss fully all relevant questions" connected with the recent changes in their import programs. I had also indicated that in my view the consultations contemplated under Article XII 4 (b) of the GATT were not intended to be restricted to questions of "justification" for acts previously taken but should also include questions relating to the modification of programs in effect at the time of such consultations. Before expressing these views, I had discussed the matter with Mr. Levy-Hawes (BNA)² and with Mr. Weiss (CP),³ who had indicated agreement with this opinion.

Following my conversation with Mr. Southard I discussed the matter with Mr. Leddy,⁴ and we agreed that the consultations contemplated in the GATT should be of the comprehensive character indicated above and that the record of the Geneva meetings lends support to this view. Mr. Leddy also pointed out that it might be undesirable to accept the British position in view of the precedent for future GATT consultations. I then called Mr. Southard and transmitted to him the substance of these views. He said that he would proceed along the lines of the NAC action, anticipating that the U.S. Delegation to the Fifth Session would follow the same line at Torquay.

² Maurice Levy-Hawes of the Office of British Commonwealth and Northern European Affairs.

³ Leonard Weiss, Assistant Chief of the Commercial Policy Staff.

⁴ John M. Leddy, Deputy Director of the Office of International Trade Policy.

International Trade Files, Lot 57D284, Box 112

Memorandum by the Chief of the Monetary Affairs Staff (McDiarmid) to the Director of the Office of International Trade Policy (Brown)

CONFIDENTIAL

[WASHINGTON,] October 20, 1950.

As I have indicated in discussions with Messrs. Leddy and Weiss, a sharp issue has been drawn in the Fund regarding the scope of the forthcoming consultations on the sterling area import restrictions. This issue emerged when the Fund's Committee on the ITO and the GATT began the consideration of the Fund's reports to the CP's on

the consultations.¹ All the sterling area countries, with the leadership of the UK, are contending that the problem before the Fund and the GATT is simply the justification for actions taken by these countries in connection with the London agreement of July 1949 aimed at reducing their dollar imports 25% below 1948 levels. The US, with the support of the non-sterling area Fund members, has contended that the consultations should also include the need for maintaining a level of restrictions now in effect in the light of the present external financial positions of the countries involved. We have based this position both on the record of the Geneva meeting and on the appropriate provisions of the GATT. (I have presented this case to Southard, Leddy, etc., and will prepare a written memorandum.)

The most recent development was a conversation between Mr. Southard and Mr. Parkinson, the Canadian Alternate Director, in which Mr. Parkinson indicated that Canada was in agreement with our view but was endeavoring to reach some solution of what might develop into an impasse at Torquay. The Canadian suggestions are along the following lines:

(a) That the Fund conclude its reports as now in process but that they not be transmitted formally to the GATT Secretariat until the terms of reference of the consultation are defined by the Contracting Parties, presumably in plenary session. This would not be contrary to past procedures as normally such reports are submitted in person by Saad,² the Fund representative to the GATT, at an appropriate time in the GATT sessions.

(b) If the plenary session supports our position, Saad would then submit the Fund reports and the consultation would proceed as we have contemplated.

(c) If the plenary session supports the sterling area position, Parkinson suggests the Fund submit reports on the narrower issue.

Southard is in agreement with (a) and (b) but not with (c). He does not think that the Fund should address itself to the now academic issue of the justification for the 1949 action. I am in agreement with this view³ and suggest the following course of action if the plenary session upholds the British position. In that event you should state, as the U.S. view, that we do not think that fruitful conclusions would be likely to emerge from a consultation on this narrow issue at the

¹ In this connection, attention is invited to the brief section headed "Controversy at Torquay" in the official history of the International Monetary Fund, J. Keith Horsefield (editor), *The International Monetary Fund 1945-1965 Twenty Years of International Monetary Cooperation* (IMF, Washington, D.C., 1969), vol. II, *Analysis*, pp. 338-341. This is in chapter 16 which is one of seven chapters (10-16) that constitutes part III of volume II, "Exchange Restrictions."

² Ahmed Zaki Saad, Executive Director for Egypt on the International Monetary Fund, and Chairman of the IMF Liaison Group at the Fifth Session of the Contracting Parties.

³ Marginal notation: J[ohn] M L[eddy] and I agree, too. L[eonard] W[eiss]."

present time in view of the very substantial changes which have occurred in the external financial position of the sterling area countries. As for our part, we have no significant questions to raise regarding the justification for actions taken in July 1949 and that we do not think that the time of the Contracting Parties would be well spent on such an exercise. Inasmuch as the annual review of the discriminatory import restrictions of all the Contracting Parties will probably be on the agenda at the Sixth Session, we believe that further consideration of the import restrictions of the sterling area countries might well be deferred until that time when they can be discussed in a realistic manner in the light of the then available information.⁴

⁴ A lengthy position paper prepared for the United States Delegation to the Fifth Session of the Contracting Parties, "Import Restrictions of Certain Sterling Area Countries," is not printed, as the substance of its contents has already been set forth (Doc. TAC/GP/24 (Rev. 1), October 23, 1950, Lot 57D284, Box 165, Folder "Balance of Payments").

394.31/11-650 : Telegram

*The Secretary of State to the United States Delegation to the Fifth Session of the Contracting Parties to GATT, at Torquay*¹

CONFIDENTIAL

WASHINGTON, November 6, 1950—7 p. m.

133. Rowan, Caine, and Burns² called on Thorp³ Nov 1 to discuss substantive and procedural points re sterling area consultations at Fifth Session. Brit had previously discussed same range problems with Martin⁴ of Treasury. They indicated full agreement had been reached with other sterling area members on fol UK views and on paper UK is submitting to CP's in connection consultation.⁵ Brit set forth basic position as follows:

1. They consider Fund report reveals basic difference between US and UK views on merit sterling area arrangements. This presents

¹ The Fifth Session of the Contracting Parties of the General Agreement convened at Torquay, England, on November 2. For the composition of the United States Delegation, see Department of State *Bulletin*, November 6, 1950, p. 747. Winthrop G. Brown, Director, Office of International Trade Policy, was Chairman of the Delegation.

² Sir (Thomas) Leslie Rowan was Economic Minister in the British Embassy; Sir Sidney Caine was Head of the United Kingdom Treasury and Supply Delegation, Washington, and Minister in the British Embassy; Robert Burns was British Counselor of Embassy.

³ Willard Thorp was Assistant Secretary of State for Economic Affairs.

⁴ William McChesney Martin, Jr., Assistant Secretary of the Treasury, in charge of the Office of International Finance.

⁵ A draft of this paper was submitted to the Department of State (and to the Department of the Treasury) about October 25, not printed. It set forth at length the historical background of the sterling area arrangements and recited in detail the financial history of the sterling area for the years 1947-1950. (394.31/10-2550)

situation clearly requiring further US-UK discussions. In meantime they wld hope to avoid airing of differences in GATT. However, UK may feel obliged challenge Fund report if presented to CP's because of their feeling it denies validity sterling area solidarity on import restrictions and suggests time is ripe for relaxing such restrictions.

2. Allege Fund has gone beyond proper scope of consultations in proposing action based on present fin situation. UK of course not prepared acquiesce that consultations arranged at Geneva can properly be extended to period beyond Jul 49. However, Brit prepared consult *de novo* on current situation after establishing pt indicated above.

Brit main objective seemed to be that of emphasizing above pt's and eliciting UK [US?] view on what shld be end result of consultation. We indicated as our present thinking that matter wld be referred by plenary to working party to prepare report along the lines indicated Fund report and our position paper which we sketched in gen terms. Report need not raise explicitly general question validity sterling area arrangements under GATT. Brit indicated strong preference for Working Party report which set out two positions and reached no conclusions, since they believe that agreement on common conclusion not possible. Dept did not comment on this suggestion. Treas indicated some reservations re feasibility such approach.

UK Reps then made fol gen observations :

(a) No prospect UK or other sterling area members taking major policy moves now in direction removal discrimination. Consider dol impact such action might be heavy, since unlikely sterling area members except UK able limit relaxation to "small amount" only. They cited recent Commonwealth agreement, presumably Colombo Conference, to continue strict economy dol expenditures, maximum dol exports, and build up reserves, as indication unanimity with which this view held by sterling area members. Only indication given that any relaxation contemplated was that maintenance dol imports 75 percent 1948 levels is no longer controlling and deviations from this rule may be made for purpose of mtg exigencies particular situations including specific import requirements for spare parts, etc., rather than real relaxation. Spoke of more gen relaxation as possibility only after "period of years".

(b) Considerable stress laid by Brit on uncertainties present situation and strong prospect worsening UK's own dol position in connection defense programs. Also pointed to such factors as proposed extension transferable account area to include OEEC countries, further progress towards trade liberalization in Eur, and particularly action just taken to suspend ECA aid as prominent in Brit thinking. UK cabinet also mindful unfortunate developments resulting from convertibility and "slippage" of import controls during 1947-48.

In partial reply to Brit views we indicated that we cld not agree that start towards relaxation shld be postponed until specific level of reserves attained. If such moves as extension transferable acct area pre-

sent risks to dol position, it wld be appropriate to question justification such steps if end result is failure to relax discrimination. Rowan observed extension transferable acct area might be proper subj US-UK discussions. As for Brit emphasis on basic differences raised by Fund report, we indicated that in our view Brit overstress degree to which Fund has taken issue with basic sterling area arrangements, and we see no reason why validity such arrangements need be subj of controversy at Fifth Session.

If Brit challenge Fund conception proper scope of consultations, US Del shld of course support Fund position along lines previously considered. It might be agreed that terms of reference this particular consultation not clearly defined at Geneva. Nevertheless Del should insist that Fund view entirely reasonable common-sense interpretation of request from GATT for report, as alternative interpretation not consistent with meaningful consultations. If Brit and other sterling area countries indicate willingness to consult individually on current situation *de novo* and allow such consultation to reach conclusions, Del might indicate that issue is not substantive in our view. If, however, Brit and others refuse to consult on individual country basis or refuse admit Fund report as pertinent to all phases consultations, we must reject such position.

Message will follow on substantive issues raised by Brit.

ACHESON

394.31/11-850 : Telegram

*The Secretary of State to the United States Delegation to the Fifth Session of the Contracting Parties to GATT, at Torquay*¹

CONFIDENTIAL

WASHINGTON, November 8, 1950—11 a. m.

138. Following State-Treas views re import restrictions of sterling area countries for your guidance:

1. Del shld attempt ensure that majority CP's give positive acceptance to conclusions Fund reports.

2. Despite circulation of Brit paper stressing common criterion for import policies of sterling area countries, Del shld if at all possible avoid sharpening issue with respect to validity of basic sterling area arrangements insofar as consistent with strong support of Fund views that start toward relaxation by net dollar earners is appropriate step at this time.

3. With this in mind Del shld take position in GATT that Fund report does not attempt to decide question of common criterion for trade policies of sterling area countries and that US, while not accepting this principle, is not raising that issue at this time. Del shld make clear that US will feel free to raise issue at later date if it so desires.

¹ Sent to London for information as telegram 2394.

4. We plan to approach Brit in Washington along following lines. Del is authorized make similar approach privately if Del considers desirable. We will express regret that Brit tabled paper. Indicate US not attempting to force issue of sterling area solidarity at this time. Evidence of this is provided by US approach in IMF. US refrained from pressing finding which wld state that Ceylon was in violation of obligations under IMF and GATT by maintaining restrictions on dollar imports beyond the necessities of its own balance of payments while contributing to common reserve pool. Further evidence is fact that US recognized inconvertibility of sterling holdings of sterling area countries as some reason for maintaining restrictions. US is asking only for relatively mild statement of progress toward relaxation, clearly in accord with facts. Therefore, US thinks it unfortunate that Brit chose to sharpen issue by tabling paper. US still hopes issue can be avoided. However, Brit shld be informed that if they choose to force issue by attempting to include in GATT action language supporting principle of common criterion, US will offer strong resistance. Point shld be made that, in offering such resistance, Ceylon's anomalous position in relation to GATT obligations might be pointed up to such degree as to lead other govts to take much stronger position on Ceylon than US has heretofore taken, thereby forcing US support position which it has heretofore avoided. For example, if motion were put that Ceylon has right under GATT to continue restrictions in order to build up central reserves rather than deal with its own B/P and reserve position, we wld have to vote no. This wld imply corresponding position in Fund. US basic position is that each country accepting membership in Fund and GATT accepts obligations and commitments to those institutions as separate member.

5. If necessity to take position in GATT mtg arises without opportunity for further consultation with Washington you are authorized take above line.

ACHESON

394.31/11-850 : Telegram

The Chairman of the United States Delegation to the Fifth Session of the Contracting Parties to GATT (Brown) to the Secretary of State

CONFIDENTIAL PRIORITY TORQUAY, November 8, 1950—5 p. m.

146. For State and Treasury from Brown and Bronz.¹ Your 133, November 6. British last night made substantially same points Brown as to Thorp and Treasury. They confirmed prepared consult *de novo* and anxious avoid fight on merits sterling area. Plenary discussion scheduled for November 9, hoped it will be brief.

British main concern was avoid formal acceptance by CP's of IMF report conclusions or any formal action CP's. They hinted they could

¹ George Bronz, Special Assistant to the General Counsel, Department of the Treasury, and member of the United States Delegation to the Fifth Session of the Contracting Parties to GATT.

agree full presentation IMF conclusions if made orally. Saad² appears like this idea. They also raise no objection any CP or several CP's stating opinion time for relaxation restrictions has come and having this view formally recorded provided issue not pressed to vote. This was procedure used Annecy in South African consultation.

British insist consultation under paragraph 4 (b) is advance discussion to get views on table and formal action CP's desired, this should be done under 4 (d), with normal courtesy advance notice challenge.

British also willing have status consulting countries examined one at a time provided CP's "take note" fact they are members sterling area and this fact has important bearing any assessment their situation. Fund report, of course, discusses this fully in relation each country.

British did not raise the question of publicity with respect to document finally developed at Torquay on this subject.

We propose to handle matter in the following fashion :

1. Accept full consultation on present position as matter of course.
2. Insist Fund conclusions be presented CP's but accept oral presentation with appropriate record in WP report if necessary.
3. Insist status each country be discussed individually.
4. Raise no objection to presentation of British paper re sterling area but take position that matters there discussed should more properly have been presented to the Fund. Point out that Fund reports indicate that Fund was fully apprised of relationship of each country to sterling area. Avoid arguing substance of British paper here but make clear that silence does not imply consent. We feel it would be undesirable to argue merits of paper here since matter so clearly involves purely financial arrangements which should be dealt with entirely in the Fund.
5. Make the point as matter of principle that consultation between CP's as collective group and individual country may very well require vote by CP's to establish views of collective group for discussion with individual country. However, CP's could conduct consultation by simply sponsoring round-table exchange of views among participating countries without developing collective CP position. For purposes of present consultation, we see little to be gained by pressing for a CP vote. On one hand, this would arouse violent opposition from UK and others, and on other hand would add little to the pressure already engendered by Fund conclusions and to be engendered by expression of individual country views here which should reveal pretty clearly what the result of a vote would be if taken. Establishing point that voting would be a proper procedure would make it possible to press for vote at sixth session in connection with review under last sentence of Article XII, paragraph 4 (b) if there is no sign of relaxation on part of British and others in the meantime.
6. Insist that report record fact that Monetary Fund advises time for beginning progressive relaxation has come.

7. WP report would follow lines Annecy report on South African restrictions, recording diverse country views, without necessarily identifying countries.

8. We should maintain position that this report be declassified after usual waiting period following end of fifth session.

9. We would not commit ourselves to the British to follow the above course but simply indicate to them that after consideration of their representations, we believe we are not too far apart and that we do not anticipate any great difficulties in WP or plenary sessions on this problem.

Believe this course will:

- (a) Get Fund conclusions before CP's.
- (b) Support Fund conception proper scope consultation.
- (c) Put our views on propriety relaxation on record.
- (d) Maintain gain Fund decision and keep on pressure in CP's.
- (e) Avoid open break with British.

[Bronz]
BROWN

394.31/11-850: Telegram

The Secretary of State to the United States Delegation to the Fifth Session of the Contracting Parties to GATT, at Torquay

CONFIDENTIAL PRIORITY WASHINGTON, November 9, 1950—8 p. m.

148. 1. Reurtel 146, Nov. 8. Martin informed Rowan substance of para 4 ourtel 138.¹ Subsequent conversation revealed Rowan did not fully understand that in US view Fund reports did not attempt to decide question of common criterion for trade policies of sterling area countries. Brit evidently interpret Fund reports as positively rejecting this principle. We believe this is primary reason why they are attempting to prevent formal acceptance by CP's of IMF reports or conclusions of those reports. We think pressure toward relaxation as such is secondary importance in their view. We would still hope that their resistance to formal acceptance of IMF reports and conclusions similar to those reports would be lessened if we could get across to them our view concerning relationship these reports to question of common criterion. We urge you emphasize this point along lines ourtel. US view that Fund reports do not attempt decide question common criterion may be stated in GATT Sessions if appears desirable.

2. Brit here appeared not fully conversant with basic issues and asked that further consultations be held Torquay. May be advisable to review with Brit Torquay substance para 4 ourtel 138.

¹ November 8, 11 a. m., p. 761.

3. We would prefer formal presentation to CP's IMF report since maintenance of proper relationship Fund and GATT assisted by Fund giving written answer to GATT request. However, do not object to oral presentation providing Fund reports including conclusions read verbatim and complete reports appear in records of Session.

4. We retain preference for some indication that majority CP's consider that time for beginning progressive relaxation by certain of sterling area countries has come. As minimum would like to see Working Party report state that majority Working Party agrees with Fund findings. Since substance of Fund reports has already reached public press, becomes difficult for US to avoid pressing for vote in GATT after doing so in Fund. Do not consider Annecy consultation parallel case since Fund report still not complete at termination Annecy consultations and US took position at Geneva that consultations were not completed at Annecy. May not be desirable that Annecy WP report be established as satisfactory prototype for GATT consultations. Appreciate your numbered para 5 indicates awareness this point. However, will leave to discretion Del extent to which wise press for indication in WP report majority support for US and Fund position.

5. Do not consider Brit view indicated your numbered para 3 re purpose consultations entirely consistent language Article 12 para 4(a) particularly proposition that such consultations should explore "alternative practical measures which may be available and the possible effect of such measures on the economies of other Working Parties".

6. Assume re your numbered para 6 you will maintain principle of separate reports for individual countries and separate statements re individual countries. We note that IMF conclusions vary for different countries.

7. Uncertain what may be implied Brit proposal that Contracting Parties "take note" sterling area membership consulting countries. Would see no objection factual statement re sterling area arrangements along lines Fund report on Australia providing language neutral on question validity such arrangements but language suggested ur fourth unnumbered para appears dangerously close to acceptance common criterion principle. Might wish to include language similar to that of Fund report relating to importance of convertibility of sterling holdings of these countries but consider this is as far as US should go in recognizing relationship individual countries to sterling area. Statement of this nature may in fact be preferable to explicit statement in Working Party report that no effort is made to deal with question of common criterion principle, since latter statement might focus too much attention on this question.

8. Would hope that unnecessary to go as far at this time in appearing to meet Brit views as language numbered para 9 urtel might imply. We should be in better position appraise prospects of obtaining acceptance Fund's reports as Working Party proceeds in views other dels becoming apparent.

ACHESON

International Trade Files, Lot 57D284, Box 165, Folder "Balance of Payments"

*Statement by the United States Delegation to the Fifth Session of the Contracting Parties to GATT, in Working Party "K"*¹

SECRET

[TORQUAY, November 17, 1950.]

MR. CHAIRMAN: At the close of Wednesday's session, the Working Party concluded its development of the facts bearing on the matter of the consultations between the Contracting Parties and the United Kingdom. We are indebted to the representative of the United Kingdom for the lucid statement which he made at the opening of the consultation. We are also greatly indebted to the International Monetary Fund for the comprehensive analysis of the relevant factors which it has made available to the Contracting Parties. We believe that our task has been made much easier and our labours have been

¹The Contracting Parties began their consultations on import restrictions imposed for balance of payments reasons under Article XII, on November 10. The consultations which were conducted in Working Party "K" extended until December 8, and had the following terms of reference:

"To initiate the consultations with Australia, Ceylon, Chile, India, New Zealand, Pakistan, Southern Rhodesia, and the United Kingdom under the provisions of paragraph 4(b) of Article XII and in the course of these consultations to consult with the International Monetary Fund as provided for in paragraph 2 of Article XV and to report back to the Contracting Parties."

On December 8, the Contracting Parties approved the "Recommendations" of the Report of Working Party "K," which were that the CP's take note of the Report and record that with the adoption of the Report, the consultations (resulting from the invitation to consult issued at the Fourth Session of the CP's) were concluded.

The Report of Working Party "K" is a lengthy document (with annexes) which not only describes the discussions in detail but also enumerates the relevant GATT documentation and is incorporated into GATT Doc. Secret/CP/13/Rev. 1, 8 December 1950 (Lot 57D284, Box 112, Folder "8. Intensification [of Import Restrictions]"). Lot 57D284 has much of this documentation in Boxes 111 and 112 (with particular reference to the Folder "GATT/CP.5/K Secret/1-26"). A guide to the entire documentation of the Fifth Session is found in Doc. GATT/CP/INF/6, 10 January 1951, "List of Documents Issued from 3 August 1950 to 20 December 1950" (Lot 57 D284, Box 111, Binder "5th Sess & 3d TN's").

The Confidential Report of the United States Delegation Chairman on this session has not been located, and the public report is unilluminating on the Article XII consultations. The complete cable file of the Delegation is found in Lot 57D284, Box 139, but apparently the matter was not much committed to cable transmission. The "personal and confidential" letters by the Delegation Chairman that follow this "Statement" throw light on events that is not reflected in other documentation.

greatly shortened by the excellence of the report with which the Fund has provided us and by the fact that the Fund was not content to present merely a mass of statistics, but gave us the benefit of an orderly analysis of those statistics and the benefit of its judgment as to their significance in many respects. I believe that this has materially aided my Delegation and I am sure will materially aid the other Contracting Parties in coming to their conclusions in these consultations.

The delegate of the United Kingdom pointed out at the opening of Tuesday's meeting that this is a consultation between the United Kingdom and the Contracting Parties and that one of its principal purposes is to find out what is in each other's minds. Therefore, I would like to lay before the Working Party what is in the mind of my Delegation as a result of the facts which have been presented to us and the views which have been expressed in our last two days of meetings, as well as of the careful consideration which my Government have given to this problem in the weeks prior to this conference.

First of all, let me say that we very much welcome the marked improvement which has occurred in the financial position of the United Kingdom, in its foreign exchange position generally and particularly in its foreign exchange position vis-à-vis the dollar area. And may I say at this point that when I speak of the United Kingdom I mean the United Kingdom as a GATT member which, of course, includes its dependent overseas territories.

We are very glad to see the situation of the United Kingdom change from one of sharp deficit in current dollar accounts for over ten years, accentuated by a deterioration in its position in mid-1949, to one of a consistently improving gold and dollar position, with an actual surplus developed in the first half of 1950, which is apparently increasing. We are glad to see that the United Kingdom's gold and dollar reserves have doubled from September 1949 to September 1950, to reach the highest figure in over ten years.

Let us run over some of the figures of the past few years to get a specific indication of the trend in the United Kingdom's current balance of payments.

For the year 1947 there was a deficit of \$2.3 billion. In 1948 this deficit had dropped to \$900 million. In the first quarter of 1949 it had dropped to an annual rate of \$460 million. In the second quarter of 1949 it suddenly jumped to \$1.3 billion, and in the third quarter remained high at an annual rate of \$1 billion.

The gold and dollar reserves of the United Kingdom, which reflect transactions of the whole sterling area, also showed a sharp deterioration in mid-1949, dropping from \$1.9 billion at the end of the first quarter to \$1.3 billion on September 18, 1949.

In mid-1949 the United Kingdom took certain measures for further reduction of imports by intensifying restrictions, with which we are all familiar. It redoubled its efforts to increase exports to the dollar area, and on September 18, 1949, devalued the pound sterling in terms of gold.

Since that time, the story has been quite different. By the end of 1949 the gold and dollar reserves had reached \$1.6 billion, by the end of March 1950 had surpassed their level of a year before, and by September 30 of this year reached \$2.7 billion, the highest figure in over ten years.

These reserve movements reflected a sharp and steady improvement in the current balance of payments of the United Kingdom. In the last quarter of 1949 the sharply reduced trade deficit of the metropolitan United Kingdom was almost balanced by the surplus of the dependent overseas territories and gold purchases from the sterling area, so that the unfavorable balance was down to an annual rate of \$12 million. In the first half of 1950 the United Kingdom ran a surplus on current account at an annual rate of \$390 million, which probably represents a higher rate in the latter part of that period. Since then there is every indication that this surplus has mounted.

While the reserve figures I have cited reflect the extraordinary financial assistance provided to the United Kingdom by the United States, Canada and others, the balance of payments figures which I have given represent current transactions alone and do not include such assistance.

On Wednesday, the President of the Board of Trade had further encouraging news in reporting on the export and import figures of the United Kingdom, exclusive, in this case, of those of the dependent overseas territories. He revealed that the exports of the United Kingdom as such for the month of October were the highest in history, both in total and to the dollar area. For, I believe, the third time in almost a century the United Kingdom alone had a visible surplus in overseas trade. Exports to the dollar area in October significantly exceeded the average for the third quarter of 1950 and substantially exceeded the average for the first six months of 1950, thus continuing the upward trend.

This is indeed a magnificent effort by the United Kingdom Government and people. They are to be congratulated on having accomplished such results in face of the many difficulties which we all know had to be met and overcome.

We are also glad to note that the principal favorable factors which have contributed to this result do not appear to be transitory, but rather to be of a fundamental character which may be expected to

continue. To name a few of these favorable factors, we would call attention to the substantial increase in productive capacity in the United Kingdom home market; the high prices for many of the major exports of the dependent overseas territories; increasing availability of needed imports in soft-currency areas at prices increasingly competitive with prices in the dollar area; the high level of demand in the dollar area, with the prospect that this will continue for a considerable period; the effect of devaluation upon the competitive position of United Kingdom exports in dollar markets; and the effects to be anticipated from the investment of time and effort which has been put into the United Kingdom's dollar export drive.

On the other hand, we must not be unmindful of the fact, to which the United Kingdom delegate has quite properly drawn attention, that many uncertainties lie ahead. The exact consequences of the rearmament effort, in which the United Kingdom is participating with other Contracting Parties as a result of the Korean war, are uncertain. This effort has introduced both favorable and unfavorable factors into the situation. The exact extent of the program and the exact nature of the role which the United Kingdom will play in it are not yet definitely known. Therefore, our Delegation would agree that we are not dealing with a one-sided picture, and that the conclusion to which we come as a result of the consideration of the favorable factors to which we have referred must be tempered with the recognition that real possibilities of difficulty also exist.

We have watched with interest the leadership which the United Kingdom has taken in carrying out a liberalization of restrictions against imports from certain soft-currency countries. We have recognized this action as a step in progress towards a worldwide multilateral trading system and convertibility of currencies. We have felt that it was taken in conformity with the spirit in which all of us have entered into the GATT that restrictions, particularly discriminatory restrictions, are the exception to the rule and should be relaxed as the situation which led to their imposition improved and should be removed when the circumstances which led to their imposition have been corrected.

We have been looking forward to the day when a beginning might be made in the same spirit in the relaxation of the restrictions which the United Kingdom has felt it necessary to impose on imports from the dollar area.

On the basis of our study of the problem, of the facts presented to us by the representatives of the United Kingdom and of the International Monetary Fund, we believe that that day has come.

Our study of the facts lead us to the conclusion that there are certainly restrictions which are now no longer really effective nor necessary because of changed circumstances of price and supply. We are convinced, with respect to those which are now effective, that the degree of the current gold and dollar surplus of the United Kingdom and the prospects for the future as they can be estimated, with due regard to the admitted serious uncertainties in the picture, are such that a significant measure of relaxation of restrictions against imports from the dollar area is now feasible. We recognize that the defense programs may become a highly important factor bearing on the net dollar earnings of the United Kingdom and, of course, that priority under today's circumstances must be given to defense considerations. Caution in the degree and rate of relaxation is therefore justified. Nevertheless, my Government is convinced that, with all due caution, it is possible for the United Kingdom now to begin the progressive relaxation of its restrictions against imports from the dollar area.

International Trade Files, Lot 57D284, Box 165, Folder "Balance of Payments"

The Chairman of the United States Delegation to the Fifth Session of the Contracting Parties to GATT (Brown) to the Acting Director of the Office of International Trade Policy (Leddy)

PERSONAL AND CONFIDENTIAL

[TORQUAY,] November 18, 1950.

DEAR JOHN: The status of the Fifth Session, taking the Agenda, GATT/CP.5/1/Rev. 4 of November 10, which I hope you have by now, is approximately as follows.

[Here follows discussion of certain agenda items.]

We got to the meat of our consultations with the United Kingdom yesterday. I opened the discussion by making the enclosed statement.¹ It was greeted with very appreciative remarks by the United Kingdom delegate and by very friendly comments from the Australian and New Zealand delegates in the corridors. The New Zealander said that he felt that it was a perfectly proper comment and they had no criticism of it whatever.

We were supported by the Cubans and the Canadians, but nobody else around the table said anything. Almost the whole of the rest of the day was taken up, as much of the previous day's discussion was, by an unseemly wrangle about whether or not the Fund was justified in presenting the conclusions which it did. The British have pressed this point *ad nauseam* and are very angry about it.

¹ *Supra.*

Everyone was agreed on the following points: that the Fund should not just give us a mass of undigested statistics; that this was a full and frank discussion in which everybody was to get his ideas off his chest; and that the form in which any government or institution expressed its views was for it to decide. I said that by entering into the GATT we all had accepted the principle established in Article XI that quantitative restrictions were not an accepted method of trade control. I pointed out that certain specified trade exceptions are provided in the GATT, e.g. short supply, which were not under consideration in this Working Party, but that what we were dealing with was import restrictions imposed not on any trade basis but on the basis of overriding financial necessity for which provision was made in Article XII. These restrictions which were the subject of discussion in the Working Party were only acceptable under GATT to the extent that they can be justified by financial necessity. The judgment on that point seemed to me to be clearly a financial judgment, entirely within the province of the Fund. I then pointed out that the first five sections of the Fund report on the United Kingdom dealt entirely with balance-of-payments and reserve problems, and that even the United Kingdom delegate took no exception to what was stated therein. At the end, the Fund stated its view that the present level of reserves and the current rate of gold and dollar earnings "make feasible" a progressive relaxation of restrictions. It seemed to me that this was essentially a financial judgment and a perfectly proper one for the Fund to make, even on the most narrow interpretation of its responsibilities under the GATT. I also pointed out that trade and balance of payments are inextricably interrelated.

[Here follows a brief account of procedural points affecting the Article XII consultations and discussion of other agenda items.]

Sincerely yours,

WINTHROP G. BROWN

International Trade Files, Lot 57D284, Box 165, Folder "Balance of Payments"

The Chairman of the United States Delegation to the Fifth Session of the Contracting Parties to GATT (Brown) to the Acting Director of the Office of International Trade Policy (Leddy)

PERSONAL AND CONFIDENTIAL

[TORQUAY,] November 22, 1950.

DEAR JOHN: We have completed the consultations with the United Kingdom, Southern Rhodesia and Australia. I enclose copies of my statement about Australia.¹ Could you see that a copy gets to the Treasury?

¹ Not printed.

The British and the Australians have been doing a good deal of needling of us on the question of the sterling area. For example, yesterday they said that if they had made clear to the Working Party the supreme importance of the sterling area, they would be content, and the Australian said he was glad to note that we said we recognized the existence of the sterling area. The impression, however, of their continued needling on this point is, in the minds of observers and other members of the Working Party, probably that we either agree or do not care very much about fighting the battle about the sterling area.

So, this morning I went over to see Stephen Holmes² and told him we were getting fed up with this needling, that, consciously or unconsciously, the impression was being given by our refusal to be drawn into battle that we were tacitly accepting their point of view, and that if this went on very much longer I would have to make a very strong statement. In any event, I was going to make our views quite clear in connection with the report. I asked him to pass this on to the New Zealanders and to the others in his group. He said he would do so and that he did not think there would be any more said on that point by his group.

We are going to have difficulty, of course, when we come to the report, and I think we will have to say definitely that while we recognize the existence of the sterling area, we do not give it anywhere near the same weight in coming to our conclusions that the British and the Commonwealth do.

We are going to have some difficulty in the Delegation as to whether we press for a vote of the Working Party. Our instructions leave it to the discretion of the Delegation. George Bronz is inclined to feel that we should press for a vote. We will not get support even from the Canadians on this, but we will get support from them on having the countries identified in the views they express.

My own feeling at this stage is that if we press for a vote now we will gain very little and we will have put a very severe strain on the GATT without being in a very strong position to do so. It is certainly clear that a consultation under 4(b) does not require a vote, although we have made it clear that 4(b) does not prevent a vote. However, I think a good argument can be made, and one that would appeal to the Contracting Parties, that the purpose of 4(b), consistent with the general pattern of the GATT, is to afford an opportunity for preliminary consultation at which views can be expressed and the Contracting Party to whom admonitions are directed can have a chance to

² Sir Stephen Lewis Holmes, Second Secretary, British Board of Trade.

take note of them and mend his ways before being subjected to challenge under 4(d).

It seems to me that the central thing that we are trying to get here is to record that the Governments of Canada, the United States and Cuba, and as many others as we can persuade to join us, have felt sufficiently strongly that the time has come for the British to start relaxing their restrictions [or?] to raise the issue formally in an international forum. We do not propose to go so far as to ask for sanctions under the agreement, and if we press for a vote there will be bitter opposition and much animosity introduced into an atmosphere which so far has been reasonably cordial and in which we have made a very good impression on the Contracting Parties by the moderation of our attitude.

If we press for a vote in the Working Party, we will probably have to press for a vote in the Contracting Parties and might squeak through with a bare majority, but there would inevitably be a large number of abstentions. I should think this would be a much weaker position for us than to have our views recorded with all proper firmness and then let that fact have its effect.

Len³ and Sol⁴ agree with me on this point. So does John Deutsch,⁵ and Saad told me the other evening he does not think any vote desirable.

I hope you will think about this and see if Leroy⁶ agrees. You may start getting pressures from Treasury to insist on a vote.

On the whole, things have gone well so far. We have won our objective of a consultation as of the current situation. We have won our objective of separate, individual country consultation. We have won our objective of the Fund report with its conclusions being incorporated in full in the records of the Working Party. We have formally stated our opinion that relaxation should begin, and have the warm support of Cuba and Canada on this point. And we have kept a friendly atmosphere in which it has been the British who have raised all the technical points and we who have kept the emphasis on the substance.

So, let's not spoil it by pressing for a vote.

One point that George Bronz makes, which should be borne in mind, is that he feels the British press will report the result as, "GATT fails

³ Leonard Weiss, Assistant Chief, Commercial Policy Staff.

⁴ Probably Saul R. Srole, Acting Assistant Chief, Monetary Affairs Staff, Department of State, and Adviser, United States Delegation to the Fifth Session of the Contracting Parties.

⁵ Canadian chairman of Working Party "K," Fifth Session of the Contracting Parties.

⁶ Leroy D. Stinebower, Special Assistant to the Assistant Secretary of State for Economic Affairs.

to sustain Fund", and we will suffer a public relations setback.⁷ I would agree that some of the British press will certainly do this, but I think that there will be considerable segments of the press that will headline the fact that the United States and Canada have taken the position that they did. We know already, for example, that the *Times* and the *Economist*, commenting on the Fund report, have expressed the opinion that the time has come for the beginning of relaxation. So I am not too worried about this point.

[Here follows further and brief comment.]

WINTHROP G. BROWN

⁷There had been considerable press attention about the Article XII consultations both in the United States and in the United Kingdom, occasioned to a degree by the fact that reports of the International Monetary Fund to the Contracting Parties had been the subject of unauthorized leaks to the press.

International Trade Files, Lot 57D284, Box 165, Folder "Balance of Payments"

The Chairman of the United States Delegation to the Fifth Session of the Contracting Parties to GATT (Brown) to the Acting Director of the Office of International Trade Policy (Leddy)

PERSONAL AND SECRET

[TORQUAY,] November 23, 1950.

DEAR JOHN: Len Weiss had a talk today with Arthur Burgess of the United Kingdom Delegation, who expressed concern at the way the consultations have been going, not so much in what has been happening here at Torquay, but at the fact that the British feel very much annoyed at the way they have been "pushed around" by the [U.S.] Treasury. Arthur says they are ready to consider relaxations, but they feel that they have been put in a position where the voting power of the United States in the Fund has been used to force their hand. They have the feeling, rightly or wrongly, that this was done without proper consultation with the British, and that this is incompatible with the position of Britain as a friendly, sovereign country and bad for the general relationships between the two countries.

Stephen Holmes has said much the same thing to me. In speaking of the treatment received in the Fund, Stephen spoke with evident strong emotion, something which you realize is unusual for him. . . .

Some of the questions they have been asked during this consultation have, I have felt, been irrelevant and merely irritating. George has been doing the detailed questioning and I have been doing the final statements. In justice to George, I must say that the excellence and completeness of the Fund's facts and figures have made it somewhat difficult to ask pertinent questions without simply repeating what was

already before the Working Party, and we have felt that simply to listen to what the representative of the country had to say and then state a conclusion without any kind of discussion would be very inappropriate.

I have heard from other sources that there is a general belief in the British Government that the action of the Fund and these consultations are an opening gun in a Treasury campaign to split up the sterling area.

Obviously, all the right is not on one side in this matter and I think it is certainly one of approach rather than of substance. But I do think the Department ought to know of this strong feeling in the British camp, which is an important factor to be taken into account in developing our general attitudes and policies in this field.

This attitude is another reason why I feel it would be very foolish to press for a vote in the Working Party or in the Contracting Parties.¹

Sincerely yours,

WINTHROP G. BROWN

¹ In telegram 222, to Torquay, December 1, 1 p. m., the Department authorized the Delegation to accept the Working Party report without a formal vote on whether each Contracting Party supported the International Monetary Fund recommendations, as "only a minority acceptance of US-Fund position . . . might be considered as rejection of Fund findings and would be extremely damaging GATT-Fund relations as well as US objectives." (394.31/12-150)

International Trade Files, Lot 57D284, Box 165, Folder "Balance of Payments"

The Chairman of the United States Delegation to the Fifth Session of the Contracting Parties to GATT (Brown) to the Acting Director of the Office of International Trade Policy (Leddy)

PERSONAL AND CONFIDENTIAL

[TORQUAY,] November 25, 1950.

DEAR JOHN: Supplementing my letter of November 23 about the British attitude on this consultation I heard from John Deutsch yesterday that Dana Wilgress¹ had seen both Sir John Henry Wood² and Sir Wilson Smith,³ and that both of them had expressed satisfaction at the atmosphere which had prevailed in the consultation committee. He pointed out that these two are the leaders of the "co-operate with North America" school of thought in the British Government, but since they are the two top civil servants in their respective departments it is nice to know that they feel the atmosphere, on our part at least, has been friendly.

¹ L. Dana Wilgress, High Commissioner for Canada in the United Kingdom, was Chairman of the Contracting Parties.

² Permanent Secretary of the British Board of Trade.

³ Sir Henry Wilson Smith (Wilson Smith) was Permanent Secretary of the British Ministry of Defence.

I am going to London next week to talk about you know what, and hope to see both Roger Makins⁴ and Gaitskell,⁵ if it can be done informally and if the Embassy agrees, and just tell them the general attitude with which we have approached the problem here.

Sincerely yours,

WINTHROP G. BROWN

⁴ Sir Roger Makins was a Deputy Under Secretary of State, Foreign Office.

⁵ Hugh T. N. Gaitskell, British Chancellor of the Exchequer.

394.31/11-3050 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

SECRET

LONDON, November 30, 1950—8 p. m.

3193. For Perkins, Labouisse. No copies, no distribution. We and Batt¹ considered it advisable for Winthrop Brown see Chancellor of Exchequer while in London. Brown, Baldwin visited Gaitskell yesterday.

Following Brown's report of outcome Torquay consultations re sterling area dollar import restrictions Gaitskell expressed appreciation for position of US Government in matter and Brown's handling of situation. He expressed hope he could talk frankly informally about a matter which he considered highly important. He then indignantly criticized what he termed "attack on sterling area" singling out for particular criticism IMF action in matter which he called another example of many difficulties which British had experienced as Fund member. When reminded that US did not request drastic changes in sterling area restrictions but only such selective relaxation as appeared warranted, Gaitskell said that any weakening of "common criterion" sterling area principle threatened continuance stability sterling area. He asked how any member sterling area which might possess dollar surplus could materially increase dollar purchases without affecting sterling area dollar pool and thus adversely affecting less fortunate members. He said unless decisions affecting sterling area were made on collective basis effective management of area and dollar pool would be impossible and area would dissolve. He said British believed maintenance sterling area essential and if "other countries" had contrary views they should say so frankly. Said criticism of sterling area "by theoreticians who often were ill-informed about operations of area" made more difficult position of British who were primarily responsible for operating area and for maintaining economic stability.

¹ William L. Batt, Chief of ECA Mission, London.

Gaitskell expressed resentment over fact that while in Washington no US official discussed with him question of relaxation sterling area restrictions or point at which UK's gold dollar reserves would justify such relaxation or be otherwise "adequate". He said he and his colleagues found it difficult sometimes to understand exactly what US wished British to do. They were urged to make maximum defense effort while maintaining economic stability, and at same time were informed that gold dollar reserves had reached point where no further ECA aid was necessary and sterling area dollar expenditures should be increased. This at time when British uncertain over economic impact of defense program and increasingly concerned over economic outlook.

With some irritation Gaitskell said UK must be permitted handle sterling area problem as it saw fit, as UK bore primary responsibility in matter. He said no outside pressure to relax sterling area restrictions was needed as there was "sufficient pressure from inside area". He said no one, certainly no member British Government, liked these restrictions; that increased dollar imports would have strong political appeal in UK and elsewhere but it was his duty as Chancellor to resist any proposal which UK could not now afford. He recognized that real problem is to find proper balance between necessary volume of reserves and volume imports which sterling area could afford and said this problem was receiving his constant attention.

While apologetic about vehemence his remarks Gaitskell said he was obliged to express frankly his feelings about matter. Because of his special responsibilities Gaitskell might be expected to be more disturbed about situation than other Ministers but there is no reason believe his attitude not shared by government in general.

During interview Gaitskell repeatedly referred to very serious raw materials situation. He said unless most acute commodity problem were relieved soon considerable unemployment would develop, defense production would be hampered, and efforts to continue increase in national product would be fruitless. In strictest confidence he expressed opinion that adverse turn in balance payments situation would develop within next six months or possibly longer even if commodities situation improved. He appeared seriously disturbed over economic prospects.²

² In a letter of December 1 to the Assistant Secretary of State for Economic Affairs (Thorp), the U.S. Delegation Chairman (Brown) wrote:

"I think you should make a particular point of studying London's telegram no. 3193 of November 30. This indicates the kind of thing we are dealing with. The telegram correctly reflects the violence of the Chancellor's feeling. He certainly let us have it right from the shoulder and I certainly got the impression that he is the kind of man who should be dealt with with the cards, no matter how unpleasant they may be, face up on the table. The thing that would be most calculated to offend and alienate him would be if he were to get any suggestion that people were not dealing with him completely frankly." (Lot 57D284, Box 165, Folder "Balance of Payments")

Sent Department 3193, repeated information Paris 1053 for Katz, Woods; Torquay 104 for Brown. Department pass ECA/Washington for Foster, Bissell; Treasury for Martin.

HOLMES

International Trade Files, Lot 57D284, Box 165, Folder "Balance of Payments"

Press Statement of December 13, 1950

ANNOUNCEMENT RE TORQUAY CONFERENCE

One of the principal items on the agenda of the Contracting Parties to the General Agreement on Tariffs and Trade at their Fifth Session now going on at Torquay, England, was consultations by the Contracting Parties with the Governments of Australia, Ceylon, Chile, India, New Zealand, Pakistan, Southern Rhodesia and the United Kingdom with respect to their import restrictions. These consultations have now been concluded. The results are summarized in the following announcement made today at Torquay by the Contracting Parties.

"Under Item 8 of the Agenda, consultations were held with the Governments of Australia, Ceylon, Chile, India, New Zealand, Pakistan, Southern Rhodesia and the United Kingdom with respect to their import restrictions in accordance with Article XII: 4(b) of the General Agreement. In accordance with Article XV(2) of the Agreement, the Contracting Parties also consulted with the International Monetary Fund.

There was a full and frank discussion between the Contracting Parties, the consulting countries and the Fund, in which full information was presented and views and opinions were freely expressed.

During the course of the consultations, the representatives of Belgium, Cuba, Canada and the United States expressed the view that the time had come when, with all due caution in the light of the uncertainties of the present situation, a progressive relaxation of the hard currency import restrictions of Australia, Ceylon, New Zealand, Southern Rhodesia and the United Kingdom might begin. This view was based upon their analysis of the favorable current situation of these countries and of the prospects in the coming year. Based upon its analysis made available to the Contracting Parties, the Fund expressed the opinion that such relaxation would be feasible in these cases but should be undertaken with due caution in the light of present uncertainties. The representatives of Australia, Ceylon, New Zealand and the United Kingdom expressed the opinion that although the gold and dollar reserves of the sterling area had markedly improved, these views gave undue weight to the favorable factors in the developments of the past 12 months and that insufficient attention had been paid to the adverse factors operating in the present situation, the full force of

which would not be felt until 1951. The representatives of Australia, New Zealand and the United Kingdom referred in particular to the new responsibilities which would be undertaken under the current rearmament programs.

No suggestion was made during the consultations that it would be appropriate for Chile, India or Pakistan to engage in any further general relaxation of their restrictions on imports from the dollar area, and the Fund was also of the opinion that no further relaxations in the case of these countries were feasible in the present circumstances.

The consultations accomplished a useful interchange of information and opinion, and the representatives of those governments whose restrictions were the subject of the consultations said that they had taken full note of the views expressed by other Contracting Parties and that these views would be conveyed to their governments for their consideration."

IV. CONCERN OF THE DEPARTMENT OF STATE REGARDING THE RENEWAL BY THE CONGRESS OF THE TRADE AGREEMENTS ACT; THE UNITED STATES DECISION CONCERNING THE PROPOSED INTERNATIONAL TRADE ORGANIZATION (ITO)

Editorial Note

In 1950 a number of organizational questions arose with respect to the conduct of United States foreign policy regarding the General Agreement on Tariffs and Trade (GATT): the question of the status of China and the eventual withdrawal from GATT by the Republic of China; United States interest in possible participation by Yugoslavia in GATT; questions relating to a possible accession to GATT by Switzerland; a group of interrelated problems tied to the impending accession to GATT by the Federal Republic of Germany; and United States interest in having a Japanese Government observer at GATT sessions (and substantively, United States interest in securing most-favored-nation treatment for Japan). Documentation on all of these issues is located in file series 394.31 (there is heavy documentation on the China question).

Still another organizational question, that of the continuing administration of GATT (inter-sessional management), was intimately tied to the problem of bringing into existence the proposed International Trade Organization, provision for which had been made at the Havana Conference in 1948. In respect of the ITO problem, United States policy was decisive, and selected documents relating to the ITO-GATT question are included herein.

411.0031/11-2050

*Memorandum by the Deputy Assistant Secretary of State for
Economic Affairs (O'Gara) to the Secretary of State*

SECRET

[WASHINGTON,] November 13, 1950.

Subject: Legislative Program for the Trade Agreements Act and
the ITO

Problem

To determine the position of the Administration in the 82nd Congress on the Reciprocal Trade Agreements Act ¹ and the ITO.²

Considerations

1. Unless renewed, the Trade Agreements Act will expire on June 30, 1951. The ITO has languished for two years before the Congress without effective action.³

2. An effective trade program must be kept going. There will be strong opposition to this and a real possibility of defeat.⁴ We cannot overcome this opposition and avoid defeat unless we make it clear that the trade program is an essential, indispensable part of our total foreign policy.

¹ The authority under which the United States Executive entered into the General Agreement on Tariffs and Trade (GATT) (concluded at Geneva, October 30, 1947) and continued after 1947 to negotiate multilaterally within the GATT framework, was the Tariff Act of 1930 (46 Stat. 560), as amended by the Act of June 12, 1934, as amended (48 Stat. 943, 57 Stat. 125, 59 Stat. 410, 63 Stat. 697). The basic amendment was in the Act of 1934, known popularly as the Reciprocal Trade Agreements Act. In the 1934 act, *inter alia*, Congress delegated its authority to the President to negotiate trade agreements, and subsequent acts were substantially simply "extension acts," in prolongation of the presidential authority. At this time, the Act of September 26, 1949 constituted the most recent trade agreements legislation; it provided for a two-year extension of presidential authority rather than the normal (except for the 1948 act) three-year extension (63 Stat. 697).

² For documentation on the formulation of the Charter for the International Trade Organization (ITO) at the United Nations Conference on Trade and Employment which met at Habana, Cuba, November 17, 1947-March 24, 1948, see *Foreign Relations*, 1948, vol. I, Part 2, pp. 802 ff. For texts of the ITO Charter, see United Nations Doc. ICITO/1/4 (a document of the Interim Commission of the International Trade Organization set up by the Final Act of the Habana Conference) or Department of State Publication 3117 (Commercial Policy Series 113), *Havana Charter for an International Trade Organization and Related Documents* (Washington, Government Printing Office, 1948).

³ The Administration never submitted the Habana Charter to Congress in 1948 for a variety of reasons (including higher priority for other legislation such as the European Recovery Program). The Executive sent the ITO Charter to the Congress on April 28, 1949, together with a presidential message asking for approval in a joint resolution, and an explanatory memorandum from the Secretary of State (81st Congress, 1st Session, Senate Document No. 61).

⁴ There is scattered documentation in file series 394.31 and 394 ITO for earlier in the year 1950 indicating increasing Administration concern at growing opposition to the trade agreements program both in and out of Congress.

3. An effective trade program requires:

- (a) Renewal of the Trade Agreements Act.
- (b) Passage of the Customs Simplification Act⁵ (and certain minor legislation), in order to make the General Agreement on Tariffs and Trade fully effective.
- (c) The establishment of an organization in the field of trade.

4. The ITO Charter would have provided the necessary trade organization. But the ITO is no longer a practical possibility. Moreover, some of its controversial provisions are no longer necessary because of actions we have taken in other ways (e.g. Point Four).⁶ Re-introduction of the ITO will engage us in fruitless argument and end in almost certain defeat or indefinite delay. Either result would be damaging to foreign policy.

5. The General Agreement—to which 33 countries are parties—contains the same basic trade rules as the ITO, but has no organization. Without an organization the Agreement will bog down and become unworkable. Congressional approval is required to establish an organization.

6. The choice, therefore, is between either:

- (a) Seeking Congressional approval of both the ITO and renewal of the Trade Agreements Act; or
- (b) Discarding the ITO and concentrating our legislative efforts on renewal of the Trade Agreements Act with authority to establish an organization under the General Agreement.

7. A decision is needed promptly. The parties to the General Agreement are now meeting in Torquay. If the General Agreement, rather

⁵ This was a Department of the Treasury-sponsored bill which was introduced into the House of Representatives on May 1, 1950, by Representative Robert L. Doughton, Chairman of the House Ways and Means Committee. The Department of State strongly supported the proposed legislation, for reasons of general policy stated in a letter of February 8, 1950 from the Secretary of State to the Director of the Bureau of the Budget (Pace):

"... For many years a cardinal objective of the foreign economic policy of the United States has been the reduction of unnecessary trade barriers. One important aspect of this problem relates to the simplification of customs procedures. In a number of international conferences leading to the formulation of the Charter for an International Trade Organization and the General Agreement on Tariffs and Trade, representatives of this Government took the lead in preparing and supporting measures for the simplification of customs procedures.

"All of the amendments to existing laws proposed by the customs bill are consistent with the ITO Charter and some of them would be required in order to carry out certain of our international obligations arising from membership in the ITO and in order to make fully effective certain provisions of the General Agreement on Tariffs and Trade which is now being applied on a provisional basis. Some of the proposed amendments are needed to enable the United States to comply with the provisions of Annex 9 of the Convention on International Civil Aviation." (Lot 57D284, Box 161, Folder "Customs Procedures")

An annex was attached to this letter, in the form of a memorandum drafted in the Office of International Trade Policy on January 31, 1950, which described in some detail specific changes included in the proposed customs simplification act.

⁶ For documentation on the Point IV program, see pp. 846 ff.

than the ITO, is to become the organization in the trade field, the U.S. delegation at Torquay must be instructed so that the form of an organization can be worked out internationally now (without commitment) for Congressional consideration later.

Recommendations

1. That the ITO be discarded.
2. That, in seeking renewal of the Trade Agreements Act, the Administration press for authority to establish an organization under the General Agreement. (The form and extent of the authority which should be sought for the reduction of tariffs will be the subject of later recommendations.)
3. That the Administration also press for passage of the Customs Simplification Act, and certain minor legislation, in order to make the General Agreement fully effective.
4. That the Administration's decision on the foregoing be kept strictly confidential pending discussion of the whole program with the appropriate Congressional leaders.

A draft memorandum to the President setting forth these recommendations and the reasons for them is attached. (Tab A) ⁷

⁷ Not attached, but see the Secretary of State's memorandum to the President, November 20, *infra*.

394-ITO/12-650

Memorandum by the Secretary of State to the President

SECRET

[WASHINGTON,] November 20, 1950.

I believe the Administration must reach a decision soon on its legislative program in the 82nd Congress with respect to the Reciprocal Trade Agreements Act and the Charter for an International Trade Organization.

The authority to make tariff concessions under the Trade Agreements Act is scheduled to expire on June 12, 1951. Hearings have been held on the ITO by the House Foreign Affairs Committee but no action will have been taken by the end of the present session.

Our trade program has been to other countries both a symbol and a test of our intentions. It has been a symbol of American leadership in world economic improvement through the better use of human and material resources. It has been a test of the willingness of the United States to do its part in making that improvement possible.

The expansion of trade is an indispensable part of our total effort to create strength and unity in the free world. Freer trade, economic development and foreign assistance form together the economic instrument through which we hope to build up the military strength

of the free countries and offer to their people the hope for economic progress on which that strength greatly depends. The Gordon Gray report rightly emphasizes the critical importance of our taking the offensive in the economic and social field if our total foreign policy is to succeed.

It is in this framework, and with this sense of urgency, that I believe we must face the legislative problems that will confront us in carrying forward our commercial policy program in the 82nd Congress.

In order to keep the trade program going, we need from Congress essentially two things:

1. Authority to continue the process of reducing tariffs and trade barriers and eliminating discriminations.

2. Authority to participate with other countries in establishing an international forum for the discussion and settlement of trade problems and disputes.

The first would be substantially provided by the renewal, in some form, of the provisions of the Reciprocal Trade Agreements Act, and by the passage of the Customs Simplification Act. Recommendations with respect to the form in which the renewal of the Trade Agreements Act should be sought, including the extent and duration of the authority to make tariff concessions, will be submitted to you after consultation with the other interested agencies of the Government and with selected members of Congress.

The second essential element—an international trade forum—would have been provided by the Charter for an International Trade Organization.

It is my judgment that the ITO is no longer a practical possibility. Reintroduction of the ITO Charter in the next Congress would mean either rejection of the Charter outright or an indefinite delay in getting it established. Either of these results would be damaging to our foreign policy.

The need for a trade organization, however, is a matter of urgency. The international administration of the trade-agreements program will bog down unless we can set up a permanent international body, with an established secretariat, to handle the many disputes and problems which arise in the trade field. As you know, the principal trade agreement which we have concluded under the Trade Agreements Act is the General Agreement on Tariffs and Trade. Thirty-three governments are at present parties to the General Agreement, and after conclusion of the negotiations now going on at Torquay, England, the participating governments will number about forty. Yet, as we have made clear to the Congress, the General Agreement is in no legal sense an organization. It has no Executive Board, which

is essential for the efficient conduct of business. Its secretariat is borrowed and with no permanent tenure. It has no relationships with the United Nations and only informal and unsatisfactory relationships with certain specialized agencies of the UN. The large number of parties to the General Agreement can meet only at long intervals and urgent business must wait or go undone. Because of this situation there is real danger that the General Agreement may become unworkable.

I believe, therefore, that in order to move our trade program forward in a positive way we must now change our tactics. We should drop the ITO and instead we should seek from Congress, in connection with the renewal of the Trade Agreements Act, authority to participate in the establishment of an appropriate international organization under the General Agreement on Tariffs and Trade. Legislative authority is needed for this purpose because of assurances given to Congress by the Administration that the General Agreement is not an international organization.

Participation in an organization under the General Agreement would not require the vesting in the organization of any substantive powers over and above the powers which already reside in the contracting parties to the General Agreement. These powers include primarily the power to interpret the Agreement, to administer those provisions of the Agreement under which individual governments may be released from specific obligations under defined circumstances, and to make recommendations to the parties to the Agreement. The organization should become a specialized agency of the United Nations.

The General Agreement should also be made definitively effective. Today it is in force only provisionally, i.e. its provisions apply only to the extent that the Executive authority has power to apply them without any change in existing legislation. Since certain provisions of our laws are inconsistent with the provisions of the General Agreement we cannot make the Agreement fully effective until these laws are changed. The United States would be in a position to apply the General Agreement definitively and make it fully effective if Congress passed the Customs Simplification Act, repealed the so-called "manufacturing clause" of the United States Copyright Law and repealed the prohibition on exports of tobacco seed contained in the Tobacco Seed and Plant Exportation Act of 1940.

If Congress takes these actions, we will have managed to make effective, or potentially effective, in one way or another, substantially all of the major parts of the ITO Charter:

1. The purposes of Chapter II of the Charter, relating to full employment, are now being effectively carried out through the Economic and Social Council.

2. The purposes of Chapter III, relating to economic development and reconstruction are being fulfilled through the Point Four program, through our program of commercial treaties with underdeveloped countries, and through the economic development clauses of the General Agreement on Tariffs and Trade.

3. The commercial policy rules of Chapter IV are incorporated in the General Agreement on Tariffs and Trade.

4. The provisions of Chapter V, looking toward international action against restrictive business practices, might be added to the General Agreement later, after an organization is established.

5. Chapter VI, which provides rules for commodity agreements, has been in effect since 1947 under an Economic and Social Council resolution and can be added to the General Agreement under the presently existing legal powers of the parties to the Agreement without further Congressional authority.

6. The purposes of Chapter VII, which deals with organizational matters, would be met by the new organization under the General Agreement.

The proposal to establish an organization under the General Agreement will meet with opposition from some of the opponents of the ITO. But it is likely to be supported, with conviction, by the supporters of the Trade Agreements Act as a means of strengthening the trade-agreements program. There is also reason to believe that certain influential groups which have opposed the ITO, such as the National Foreign Trade Council and some members of Congress, would support the addition of appropriate organizational provisions to the Trade Agreements Act if the ITO were withdrawn.

In any event, the trade-agreements program is likely to mean a major battle in the Congress. To get through unimpaired it must be presented as necessary to the achievement of the broad international objective of strengthening the free world through an expanding world economy. This can help to float the program over the shoals of the opposition of individual protectionist groups.

It is important that you make an early decision on the proposal to drop the ITO and establish an organization under the General Agreement. The 5th Session of the parties to the General Agreement on Tariffs and Trade is now meeting in Torquay, England. This session will be over in December. If the course of action outlined above is to be adopted, the United States Delegation to the 5th Session should be informed immediately in order that it may work out promptly with the other parties to the Agreement the form of a suitable organization under the Agreement. Some measure of international agreement on this question must be reached now so that concrete proposals can be available for discussion with Congress early in the next session.

Recommendations

1. That the ITO not be reintroduced and that the trade-agreements legislation to be submitted to the 82nd Congress include provision for participation by the United States in an appropriate organization (including an Executive Board and a permanent secretariat) to be established under the General Agreement on Tariffs and Trade.

2. That the United States Delegation to the 5th Session of the parties to the General Agreement be authorized immediately to arrange for the introduction of a proposal for the establishment of an appropriate organization under the Agreement, on the understanding that such arrangements would be subject to approval or disapproval by governments at the 6th Session to be held in July 1951, i.e. after Congressional consideration of the matter.

3. That the Customs Simplification Act be reintroduced, and that legislation be proposed for repealing the manufacturing clause and the prohibition on exports of tobacco seed, with a view to definitive application of the General Agreement by the United States at the earliest possible date.

4. That the decision on the foregoing recommendations be kept strictly confidential pending consultation with Congressional leaders.

DEAN ACHESON

Secretary's Memoranda, Lot 58D444, Box 417

Memorandum by the Secretary of State

SECRET

[WASHINGTON,] November 21, 1950.

CABINET NOTES

Item 2—Position of the Administration on the Reciprocal Trade Agreements Program and the ITO Charter in the 82nd Congress

In accordance with Mr. O'Gara's memorandum to me of November 13, I forwarded yesterday to the President the memorandum entitled "Position of the Administration on the Reciprocal Trade Agreements Program and the ITO Charter in the 82nd Congress." The President read the memorandum and sent me word that it would be agreeable to him to have me raise this at the Cabinet meeting. Accordingly I did so, explaining that I was taking this method of getting Cabinet discussion rather than inter-departmental clearance at lower levels in order to reduce the possibility of public discussion at this point.

After a brief discussion of the matter, I made the recommendations contained in Mr. O'Gara's memorandum. The President asked for an

expression of views by all members of the Cabinet. Secretary Sawyer was absent. Mr. Foley for the Treasury, Secretary Chapman for Interior, Mr. Harriman, Mr. Steelman, Mr. Tobin, Mr. Brannan, all expressed their concurrence. The other members had no comments to make.¹

Mr. Brannan and Mr. Tobin hoped that our action in dropping the ITO could be done in such a way as not to appear to yield ground to the opposition.

Mr. Steelman suggested that it might be possible to use this willingness to abandon the ITO in order to gain some concessions from some of the members of the House and Senate who might otherwise disapprove our Trade Agreements Program. He said that he was under the impression that we would find considerable opposition to the Trade Agreements Act.

At the conclusion of the discussion the President authorized me to go forward on the basis of the recommendations made. I told him that we would keep in touch with him and with Mr. Steelman on the development of our discussions.

I am not clear from the recommendations made to me by the Department whether the Department will now go forward with Congressional discussions or whether it wishes discussion through the White House.²

¹ The persons named in this paragraph are, in the order mentioned: Charles Sawyer, Secretary of Commerce; Edward H. Foley, Jr., Under Secretary of the Treasury; Oscar L. Chapman, Secretary of the Interior; W. Averell Harriman, Special Assistant to the President; John R. Steelman, The Assistant to the President; Maurice J. Tobin, Secretary of Labor; and Charles F. Brannan, Secretary of Agriculture.

² Circulated to Mr. O'Gara, the Assistant Secretary of State for Congressional Relations (McFall), the Director of the Policy Planning Staff (Nitze), and the Under Secretary of State (Webb).

394.31/12-450: Circular telegram

*The Secretary of State to Certain Diplomatic and Consular Offices*¹

CONFIDENTIAL

WASHINGTON, December 4, 1950—7 p. m.

Circular 229. In next few days, probably Wed Dec 6, White House will issue statement along fol lines:

Begin statement. Pres has decided ask for legislative auth to increase effectiveness of US participation in GATT. Proposal to authorize US participation in ITO will not be reintroduced in Congress.

Now more important than ever that economic unity of free world be strengthened and causes of commercial friction among friendly

¹ Circulated to 38 posts and the U.S. Delegation at Torquay. The Torquay Delegation had been notified immediately on November 21 of the President's decision by teletype conversation which was confirmed by telegram 191 (to Torquay), November 21, 7 p. m., 394.31/11-2150.

countries eliminated. In view of problems facing US Congress and other legislatures under present conditions, clear that this objective must be achieved by programs with best chance of early results.

For US, this means that trade agreement program must be continued and administration of GATT strengthened. GATT is first multi-nation trade agreement, a landmark in internatl commercial relations. GATT has achieved remarkable results in trade barrier reduction, while suffering under serious handicaps. Handicaps include lack of permanent Secretariat, lack of continuing intersessional machinery, present provisional nature of application by govts. These handicaps must be removed, and a small organization organized on a flexible basis created.

For US, virtually all changes in legislation required for definitive application of GATT are embodied in Customs Simplification Act, introduced in 81st Congress. This legislation, together with certain other proposed changes in law, will be resubmitted to 82nd Congress to make definitive application possible. *End statement.*

Request you immed inform appropriate officials of govt to which accredited of US decision and reasons therefor, and report reactions.

In addition to above, you may wish stress: (a) necessity at this time to avoid prolonged period consideration by legislatures various countries, which wld be necessary prior to ITO adoption; (b) undesirability launching new large-scale internatl organizations at this time; (c) fact that passage of time has rendered some details of ITO obsolete and others unnecessary by reason of work of other internatl organizations.

At your discretion, you may supplement statement above by observation that this decision in no wise to be construed as abandonment of US support for any of basic principles underlying ITO. US continues to support these objectives. Full employment objective being handled through ECOSOC. Stimulation of internatl investment and aid to underdeveloped countries proceeding on important scale through Point IV, ExIm Bank, Internatl Bank, bilateral FCN treaties, certain ECA programs. ITO Charter rules on commodity agreements are in effect on interim basis through ECOSOC resolution. US will continue to press, in cooperation with other countries, for prevention of cartel practices.

Pls request confidential treatment this info until White House release.

ACHESON

394.31/12-450 : Telegram

The Secretary of State to the United States Delegation to the Fifth Session of the Contracting Parties to GATT, at Torquay

CONFIDENTIAL

WASHINGTON, December 4, 1950—7 p. m.

236. For Brown from Leddy. Fol represents Dept position re organizational arrangements for GATT. Since discussions commence

Wed, no inter-agency clearance being attempted here. Suggest you obtain appropriate clearance in Del at Torquay.

Summary recommendations fol:

1. US shld seek adoption of WP report setting out the organizational proposals below in form of an outline. Report shld not contain any full text of organizational provisions.

2. WP report shld contain fol recommendations:

(a) That there be established under the General Agreement an organization which, in general, wld exercise functions and powers of CP's as now provided for in GATT.

(b) That the organization shld be set up in such a form as wld entitle it to become a "specialized agency" of UN, competent to enter into relationships with ECOSOC.

(c) That the organization shld be set up by such form of internatl agreement as may be necessary to qualify it as a "specialized agency", preference being given to form least likely create procedural or other delays in adherence to new organization by present CP's.

(d) CP's shld exercise all functions and powers not assigned by them to Exec Board.

(e) Functions and powers to be assigned by CP's to the Exec Board shld include fol:

(i) In general, to make recommendations to CP's on any matter on which action by CP's is required or appropriate under GATT.

(ii) To initiate and conduct consultations under Arts XII, XIII, XIV and XVI and make appropriate recommendations to CP's.

(iii) To consider applications under Art XVIII and make recommendations to CP's.

(iv) To implement Art XV, paras 1, 2 and 3 and to administer Art XV, paras 7 and 8.

(v) To expedite consultations between individual CP's, e.g., as provided for in Arts XVI, XIX(2), XXII, XXIII(1), and XXVII.

(vi) To convene special sessions of CP's. (Note: It may be desirable to lodge this power in Chairman.)

(vii) To conduct telegraphic polls in special cases.

(viii) To negot agreements of relationship with ECOSOC and other specialized agencies. (Note: Such agreements, however, will have to be approved by CP's.)

(ix) To make recommendations to CP's with respect to annual budget and, generally, with regard to administration of organization.

(x) To perform any specific action or exercise any specific function as may be expressly assigned to Board by CP's at any regular or special session, provided, however, that CP's shall not delegate to Board other than on a case-by-case basis the power to take decisions on any matter on which GATT expressly requires a vote by CP's.

(f) Exec Board shld consist of reps of not less than 12 and not more than 15 of CP's. Selection of such reps shld be governed by three considerations:

- (i) Shld include members of principal importance in field of trade, which shld be permanent members of Board;
- (ii) Shld be representative of different geographic areas; and
- (iii) Shld be representative of countries representing different types of economy or degrees of economic development to be found within membership of organization.

(g) Secretariat shld be headed by Exec Sec who shld be named by Board.

(h) Exec Board shld meet on call of Chairman or Exec Sec.

(i) Contributions of each CP to expenses of organization, incl tariff negots, shld be based upon importance of each CP in internatl trade.

(j) Seat of organization shld be at (London, Paris, or Geneva, in that order of preference).

[Leddy]
ACHESON

394.31/12-550 : Telegram

The Chairman of the United States Delegation to the Fifth Session of the Contracting Parties to GATT (Brown) to the Secretary of State

CONFIDENTIAL

TORQUAY, December 5, 1950—6 p. m.

251. Have advised representatives Australia, Belgium, Canada, Chile, Cuba, France, India, Netherlands, Norway, Pakistan, UK, Sweden, Greece, South Africa, Dominican Republic, Brazil impending decision ITO. All accepted in good part without surprise and have agreed consider Canadian proposal on basis recommendation for action by CP's next session.¹ All also agreed inappropriate have any Article XXIX action this session.²

BROWN

¹ At the time the Contracting Parties received the news of the December 6 Washington announcement regarding the ITO, they were considering a Canadian proposal introduced as a nonagenda item on October 25, "Arrangements for the Continuing Administration of the General Agreement" (Doc. GATT/CP.5/11); substantially the Canadians proposed a permanent committee in order to provide for the discharge of inter-sessional business and otherwise perform the duties of a permanent secretariat. Discussion of the Canadian statement occurred on December 7 and 8 in plenary session of the Contracting Parties, and interest was greatly heightened in the proposal by the United States announcement of December 6. On December 8 the CP's decided to set up a working party ("L"), composed of 12 members, to study the matter. The Working Party composed a study and report on an urgent basis, submitting it to the Contracting Parties on December 15 (Doc. GATT/CP.5/49, 15 December 1950). In general, the Report endorsed the Canadian proposal and specifically recommended the establishment of both a standing committee and a permanent secretariat. The Contracting Parties voted on December 16 to transmit the Report to their respective governments, with a view to fuller consideration by the Contracting Parties at their Sixth Session (to convene September 17, 1951) (Doc. GATT/CP.5/SR. 25, Lot 57D284, Box 111).

² Article XXIX provided *inter alia* that "... If at any time the Havana Charter should cease to be in force, the contracting parties shall meet as soon as practicable thereafter to agree whether this Agreement shall be supplemented, amended or maintained. . . ."

V. UNITED STATES PREPARATIONS FOR THE TARIFF NEGOTIATING
CONFERENCE CONVENED AT TORQUAY, ENGLAND, SEPTEMBER 28,
1950 ("THE THIRD ROUND")

394.31/8-1150

*Memorandum of Conversation, by Mr. James H. Lewis of the Division
of Commercial Policy*

CONFIDENTIAL

[WASHINGTON,] August 11, 1950.

Subject: British Proposal for Unilateral Tariff Reduction by the
United States at Torquay

Participants: Mr. Robert Burns, Counselor, British Embassy
Mr. K. R. C. Pridham, Third Secretary, British
Embassy
Mr. Leddy, ITP
Mr. Vernon, CP
Mr. Lewis, BNA

The British representatives called at our request. Mr. Leddy said that in view of the doubts which appeared to exist about the U.S. attitude toward the suggestion made by Sir Leslie Rowan on July 7 (See CTC D-1/13)¹ we thought it would be desirable to give a somewhat fuller explanation of our position. He then gave Mr. Burns a copy of the attached informal memorandum.

After reading the memorandum, Mr. Burns said he thought there were two separate issues involved, (1) the immediate question of what was to be done at Torquay, and (2) the question whether the policy as stated in Mr. Leddy's memorandum was as sensible as it seemed to be in 1945. On the first point, he felt both sides were tending to exaggerate the views of the other—the U.K. had not suggested unilateral tariff reduction *tout court*, but the U.K. did consider that it would be consonant with the position taken in last September's tripartite conversations "if a considerable part of the concessions

¹ Not printed. At a meeting between United States, British, and Canadian financial experts in Washington on July 7, 1950, which this document records, Sir Leslie Rowan, the British spokesman, had indicated the strong British hope that at the forthcoming Torquay meeting the United States would grant substantial and at least in part unmatched tariff reductions as a contribution to the general solution of the problem of the balance of payments imbalance between the sterling and dollar areas. The July 7 meeting was one of a series in continuance of tripartite consultations between the United States, Britain, and Canada agreed upon by the three countries in their Joint Communiqué of September 12, 1949, terminating their talks at Washington, September 7-12, 1949, in which they examined trade and financial relationships between the sterling and dollar areas (for text of the Joint Communiqué, see Department of State *Bulletin*, September 26, 1949, pp. 473 ff.; for documentation on the Washington Tripartite Talks, see *Foreign Relations*, 1949, vol. iv, pp. 799 ff. Sir Leslie asserted at this July 7 meeting that the United Kingdom felt that the forthcoming Torquay tariff negotiations would be a major test of the ideas and spirit of the Joint Communiqué of September 12, 1949. The United States reaction and point of view are printed below. (Doc. CTC D-1/13, July 7, 1950, International Trade Files, Lot 57D284, Box 138, Folder "UK 1950 TN/8100/Preliminary Negotiations")

granted by the U.S. at Torquay were not counterbalanced by U.K. concessions". The U.K. intended to "play along" and would make some concessions but its main interest would be in "making the program work" rather than in buying market values in concessions to the United States. Mr. Burns added that the September discussions had certainly been taken by other people at least to mean that creditor nations would reduce their tariffs faster than debtor nations.

Mr. Leddy pointed out that conditions today were not greatly different than they had been in 1947 or 1945. The imbalance of payments situation had been clearly recognized at that time, as evidenced by the GATT-ITO exceptions for quantitative restrictions. The U.K. was now asking the U.S. to go even farther and accept the argument that it was justifiable for a debtor country to maintain restrictions in addition to balance-of-payments restrictions. He asked how under such a situation it would be possible to achieve the results we had been trying to reach.

Mr. Burns said that when the loan agreement and GATT-ITO had been drafted neither of us had realized how difficult it was going to be to put their provisions into effect (e.g., the convertibility problem in 1945). He thought that last September it had been shown that the struggle would be difficult and long, that progress would be slower than expected, and that there was need for faster action on one side. The U.K. had taken the extreme action of devaluation, but could not be expected to contemplate continued devaluations and the resultant forcing down of its standard of living.

Mr. Vernon thought there was nothing in the U.S. advocacy of reducing tariffs and preferences that looked toward such a result. On the contrary the U.S. had been stressing the need for improved technological methods and greater productivity. Discussing the use of quantitative restrictions he pointed out that at the Fourth Session of the Contracting Parties the U.K. had agreed that all possible pressure would be put on U.K. industry to lessen its reliance or assumption of reliance on protection from such restrictions.

Mr. Burns agreed but said the dispute was over the question of timing. The U.K. did not like QR's as protective measures, but they inevitably became such in the eyes of the industries affected. If a country moved away from tariffs and preferences it would find its industries more than ever convinced of the need for QR's. Mr. Leddy said that U.K. industry must be aware that the U.K. is committed to remove the balance-of-payments QR's. Mr. Burns asked whether we had seen the reports of the violent reactions which had been expressed in the House of Commons on the subject of possible tariff reductions at Torquay. Mr. Leddy pointed out that we had the same sort of problem in the U.S. Mr. Leddy went on to say that he frankly did not

see how the U.S. could move in the right direction unless there was cooperation on both sides. If the U.K. had the right to maintain further protection and preferences, the U.S. would have no justification for carrying forward its program of tariff reduction.

Mr. Burns said that if, for example, the U.K. made tariff reductions to the extent of eliminating preferences, the impact of unrestricted competition from the U.S., when quantitative restrictions were removed, would be very violent indeed. There was an enormous pent-up demand for dollar goods in the U.K., and there would be a flood of imports, with the result that the U.K. would be back in balance-of-payments difficulties immediately. Then QR's would be back for good, he thought. Mr. Vernon pointed out that QR's would go by progressive stages, and would not be removed at the same time for all products. He said there had been no flood of imports after the recent OEEC liberalizations. Mr. Burns said it had so happened that these liberalizations took place at a time when there was no difficulty in selling British exports in the U.S. Mr. Vernon said there was some assurance that such a condition would prevail for some years to come.

Mr. Burns, reverting to the Torquay negotiations, said that if in fact at Torquay the U.S. wanted pretty strict equivalence there were very few things the U.K. would be willing to give away for the concessions the U.S. would have to offer. He said: "If you are prepared to use substantial concessions on the U.K. side to include on the U.S. side significant unrequited concessions, the U.K. will maintain its present request list intact and will make a substantial body of offers. If we do not indulge in such screening, our people will weed out concessions which are not of great importance, e.g., whiskey." There was some discussion of the meaning of equivalence, and Mr. Lewis pointed out that in the past equivalence had not been defined in terms of the value of trade covered, but various other factors such as levels of duties, extent of reductions, et cetera, had been taken into account. The U.S. would certainly not expect to make a statistical balance without taking all factors into account.

Mr. Leddy said the fundamental question remained, that is whether the U.S. would give economically more significant concessions than the U.K. would give us. Not only was there no economic justification for such a position, but it would be politically impossible for the U.S. He referred in this connection to certain unilateral measures the U.S. was already taking, such as the Customs Simplification bill.

Mr. Burns said he thought that in the circumstances the U.K. would want to "prune down" its request list sharply. He said that on preferences, for instance, he doubted that the U.K. could give us anything significant. Mr. Leddy said we got the impression that the U.K. attached great importance to preferences not because of any

economic significance but because of their political importance in Commonwealth relations. Mr. Burns said he did not think the effect of preference reductions should be discounted so much. Other countries would get very significant advantages—for instance if Australia reduced the preferences it gave to the U.K.

Mr. Burns said he thought it would be desirable to study the Department's memorandum carefully and to send it to London. He said he would doubtless be getting in touch with us again on the subject.

[Attachment]

Informal Department of State Memorandum

[WASHINGTON,] August 10, 1950.

PROPOSAL FOR UNILATERAL TARIFF REDUCTION BY THE UNITED STATES
AT TORQUAY

1. The three ultimate objectives in the trade field on which the United States and the United Kingdom reached agreement in the Proposals and the Charter were 1) the substantial reduction of tariffs, 2) the elimination of preferences and 3) the elimination of quotas (and exchange controls). The proposal for unilateral tariff reduction by the United States would in effect mean sacrificing the first two objectives in order to help speed up attainment of the third. This is so because once the negotiating process had been completed and the United States had brought about a substantial reduction of its own tariff to a moderate level, excessive tariffs and preferences would continue to exist in other countries. Thus, even assuming that such action would materially hasten the elimination of quotas and exchange controls by the British and others, which is problematical, we would be left with a continuing system of Commonwealth preferences and continuing instances in which excessive tariffs were imposed by other countries on United States exports.

2. The United States is prepared to live up to its responsibilities as a creditor nation. This means that it is prepared to continue the process of reducing its tariff to a moderate level. However it does not mean that merely because the United States is a creditor nation other countries should be entitled to maintain high tariffs or continue tariff preferences. If the United States affords adequate outlets for foreign exports to its market, and if nevertheless there continues to be a general imbalance in world trade and payments, the proper remedy lies in the adoption by foreign countries of appropriate internal and exchange policies (such as the prevention of inflation, the development of greater mobility of resources and the adjustment of exchange rates) rather

than in the maintenance of protection to individual domestic industries through high tariffs or preferences.

3. The proposal for unilateral tariff action by the United States, in seeking a solution of the balance-of-payments problem, would place the main emphasis on restriction rather than expansion and on adjustments by the United States alone rather than on adjustments by all countries concerned. The solution of the problem along expansionist lines argues for the development of greater ability of the United Kingdom and other Western European countries to compete in dollar markets and third markets and less reliance on the protection of home industries or on export markets protected by preferences and discrimination. The proposal for unilateral tariff reduction by the United States implies a great deal in the way of adjustment by the United States while making no provision for adjustment by the United Kingdom or other Western European countries.

4. Unilateral tariff reduction by the United States would be less effective in attracting United Kingdom exports to the dollar area than would joint action involving both United States tariffs and Commonwealth preferences. This is so because continuation of the Commonwealth preferences exerts a pull on British exports to Commonwealth markets and away from American markets. Simultaneous action on both the United States tariff and the Commonwealth preferences would do the maximum in stimulating exports to the United States and thus permit a balance of trade at a higher level than would otherwise be possible.

5. Unilateral tariff reduction would be a political impossibility for the United States. The trade agreements program is solidly based on the concept of reciprocity. We have been able to maintain this concept, despite the existence of severe quota and exchange restrictions against our exports, only on the ground that through foreign tariff reduction and preference elimination we were buying long-run benefits which in time would make themselves felt. Failure to obtain these benefits in future negotiations would leave us without any defense whatsoever and would not provide us with any greater commitments than we already have for the removal of foreign quotas and exchange controls. The serious criticisms which have been voiced in the United States with respect to the balance of payments exception in the GATT would be redoubled, and justifiably so.

6. In view of the foregoing, it would be impossible for the United States to take substantial action with respect to its tariff at Torquay except in return for substantial action by other countries on their tariffs and preferences.

394.31/9-1550

*Memorandum of Conversation, by the Director of the Office of
International Trade Policy (Brown)*

CONFIDENTIAL

[WASHINGTON,] September 15, 1950.

Participants: Mr. Burns—British Embassy
Mr. Jukes—British Embassy
Mr. Brown—ITP

Attached is a copy of a memorandum¹ which Mr. Burns handed me today which comments on the "recent paper", dated August 10, which we gave him informally to explain the reasons why we were unable to accept the thesis that we should make substantial unilateral concessions at Torquay. Mr. Burns explained that he was handing us this memorandum just to be sure that their failure to comment did not imply their agreement with our point of view.

He said he felt that the issue would have to be met at some time during Torquay, but he felt that it would be much more satisfactory after both sides had a chance to consider their mutual offers and requests.

¹ Not attached, but see September 15 British Embassy memorandum, *infra*.

394.31/9-1550

Informal British Embassy Memorandum

The memorandum by the State Department on the forthcoming Tariff negotiations between the United States and the United Kingdom which was handed to United Kingdom representatives on the 11th August was immediately communicated to London. It has been very carefully studied by the United Kingdom authorities who have taken note both of the conclusion to which the memorandum leads and of the economic and other arguments which are adduced in support of the conclusion.

The United Kingdom authorities in raising the matter informally in Washington had, of course, hoped that a rather different conclusion would have emerged from the discussions. They much regret that it has not apparently proved possible to find common ground on this highly important subject and they cannot accept the fundamental economic arguments set out in the United States memorandum which seem to them to ignore some of the basic facts with which the United Kingdom and other countries, not indeed excepting the United States, are faced today and have been faced since the beginning of the war.

They do not, however, consider that it would be profitable to engage in further exchanges on this subject on the eve of the Tariff negotiations. They feel sure that the negotiations will be conducted on both sides in the friendliest spirit and in a genuine attempt to find a common and genuinely mutually advantageous basis of agreement, the political consideration which must weigh with both sides being, of course, given full weight. It would be a disappointment to the United Kingdom as much as to the United States if only a very narrow agreement resulted, but they still hope and feel that an arrangement can be come to which will go some way towards meeting what they conceive to be the essential need in the economic sphere in present circumstances, namely, the progressive correction of the unbalance of trade between the United States and the sterling area.

[WASHINGTON,] 15th September, 1950.

Editorial Note

Concerning the preparation for the Torquay negotiations, a principal function of the Department was to send on to the President the recommendations of the Interdepartmental Committee on Trade Agreements (TAC), the highest-level policy-formulating source in the Executive Branch with respect to United States policy regarding the General Agreement on Tariffs and Trade (GATT). In this connection, the Department of State submitted to the President during the course of the year some dozen or so "critical" recommendations, ranging in date from March to October. In a sense, these all came into focus in the memoranda of September 26, which are printed below together with certain documentation of subsequent date that arose out of a question left unsettled by the September 26 proposals.

394.31/9-2650

Memorandum by the Acting Secretary of State to the President

SECRET

[WASHINGTON,] September 26, 1950.

There are enclosed for your approval the recommendations of the Interdepartmental Committee on Trade Agreements with respect to concessions to be requested of and offered to twenty-three of the twenty-four countries with which the United States is to negotiate tariff concessions at the Third Set of Tariff Negotiations by the Contracting Parties to the General Agreement on Tariffs and Trade, scheduled to open at Torquay, England on September 28.¹ Supple-

¹ Not attached, but see TAC memorandum, September 26, *infra*.

mentary recommendations will be transmitted to you later regarding negotiations with Cuba, and regarding action on the additional items listed in the second supplementary list for negotiations with the other countries. As stated in the accompanying memorandum, further requests for additional authority may be forthcoming as the negotiations proceed. The recommendations submitted herewith constitute the bulk of the total and are believed to provide an adequate basis on which to open negotiations.

These recommendations, including the recommendations to which there are dissents, have my support. The time has come to move ahead in the program to reduce tariff and other trade barriers, not only by extending the coverage of the Agreement to additional countries, as this conference will do, but also by extending the mutual concessions among countries already parties to the General Agreement.

As the Chairman of the Interdepartmental Committee has pointed out in his memorandum, it may be contended that the grave international situation should preclude further action on particular products at this time. We are convinced that such arguments are not well-founded but come from interests which fear without justification the effects of increased competition from imports. Far from constituting a reason for hesitation or delay, the gravity of the international situation is, in our opinion, an added reason for pushing forward with this program as a means of strengthening the domestic economy as well as the economies of friendly nations.

The national security interest has been carefully safeguarded and the Department of Defense concurs with the Committee's recommendations. Furthermore, care has been exercised throughout to avoid recommendations which would involve the risk of serious injury to any domestic industry.

I therefore support the recommendations of the Committee and urge that they be approved.

JAMES E. WEBB

394.31/9-2650

*Memorandum by the Chairman of the Interdepartmental Committee
on Trade Agreements (Corse) to the President*

SECRET

[WASHINGTON,] September 26, 1950.

There are presented herewith for your approval the recommendations of the Interdepartmental Committee on Trade Agreements as to the tariff concessions which the United States should request of and offer to certain countries in the negotiations which are to open September 28 at Torquay within the framework of the General Agree-

ment on Tariffs and Trade. The countries covered by these recommendations are Australia, Belgium, Brazil, Canada, Denmark, Dominican Republic, France, India, Indonesia, Italy, Luxemburg, Netherlands, New Zealand, Norway, Sweden, United Kingdom (countries already parties to the General Agreement) and Austria, the Federal Republic of Germany, Guatemala, Korea, Peru and Turkey (countries which plan to negotiate at Torquay for accession to the Agreement).¹

Recent information indicates negotiations may not take place with Guatemala but your approval of the recommendations regarding such negotiations is nevertheless requested, since there is still some possibility that Guatemala may find it possible to participate. No negotiations will be held with the Union of South Africa, with which intention to negotiate was announced, and no recommendations are submitted regarding negotiations with that country.

The complete recommendations of the Committee as to the offers of concessions which the United States should make at this time, covering over 2000 items, are contained in Annex I.² All but a few of these recommendations are supported by the unanimous vote of the Interdepartmental Committee, consisting of members from eight agencies and an observer from a ninth agency (Interior) which is now in process of becoming a member of the Committee. The few formal dissents from the Committee's recommendations and the comments of the majority on the items involved are in Annex II. Annex III contains requests which we have made on other countries and on which we expect substantial satisfaction as a *quid pro quo* for the grant of the concessions to be offered.

The offers here recommended cover only items which were included in the original list of products published on April 11 and in the first supplementary list published on May 15. Supplementary recommendations with respect to negotiations with Cuba and offers to a number of countries on products included in the second supplementary list published on August 17 will be submitted to you as soon as possible after the conclusion of the public hearings on this list, which are to open on September 25.

¹ There is an extensive file of the records of TAC in the Department of State lot files, in Bureau of Economic Affairs files. Lot 59D599, consisting of minutes of TAC meetings, "documented minutes" and preparatory documentation. Generally the records covering 1950 are found in Boxes 302-304. There is also an extensive documentation in the Department of State's central indexed files, file series 394.31 and 411.003, but there are gaps in important respects, one of the most notable being in connection with this document.

² None of the annexes is attached. This of course became a public list. There is an extensive public documentation found in the boxes enumerated in the preceding footnote, consisting of Tariff Commission and Treasury (customs) literature and Department of State press releases.

You are, however, requested to approve the present recommendations in order that negotiations can begin with the countries listed above on September 28, or as soon as possible thereafter. Our offers at that time will include only those which you have approved up to that time with an indication, if necessary, that further offers may be forthcoming as soon as required study and analysis can be made. The negotiations are expected to last about six months and will be secret, so that the final results of the negotiations would become public late next spring at the earliest and the concessions would probably become effective in June at the earliest.

The recommendations of the Committee may be summarized as follows:

(a) that we request from the twenty-three countries involved in these recommendations concessions in their tariffs on products accounting (in 1948 or a selected representative year) for about two billion dollars of their imports from us (reductions of duty, one and a half billion dollars: duty bindings and free list bindings, approximately 500 million dollars). These requests cover major export items such as wheat and wheat flour, fruit, tobacco, rice, cotton, refined petroleum products, radios, refrigerators, office machinery, pharmaceuticals, motion pictures and hundreds of other items of interest to agriculture and industry. Annex IV shows the total imports in 1948 into the twenty-three countries from the United States of products on which we have requested concessions.

(b) that we offer concessions on products which in 1948 accounted for 952 million dollars of our imports from all countries. Of this amount, as shown in Annex V, imports of products on which duty reductions are recommended accounted in that year for 896 million dollars: duty bindings 55 million dollars: and free list bindings amounting to about two hundred thousand dollars (most free-list items are already bound free).

Thus, though our offers bulk smaller than our requests, a large proportion of the offers represents concessions in the form of duty reductions. As explained above, further offers to these countries are also expected to be made on items in the second supplementary list. Our requests, naturally, include some leeway for bargaining and undoubtedly some of our requests will have to be modified or withdrawn. But even so, it may also prove necessary to request authority to make additional offers in the course of the negotiations in order to conclude a mutually satisfactory agreement. Your approval of such additional offers, and of the final results, will be requested.

These recommendations have been prepared, in accordance with the customary trade-agreement procedures, on the basis of careful study and analysis by the Committee on Trade Agreements and its country subcommittees after full public hearings and consultation with technical experts of the Government and of other interested organizations. The Committee had the benefit of commodity digests on export concessions to be sought, prepared by the Department of Commerce, and

of digests on each possible import concession, prepared by the Tariff Commission. The latter contain background information and the judgments of the Tariff Commission, acting as a body, as to the probable effects of tariff concessions.

In acting upon these questions, the Committee has invariably followed the rule of avoiding recommendations which involved a threat of serious injury for any domestic industry. In general no concession has been recommended where an industry seems to be a declining one, especially where the present duty is moderate. Further, the Committee has endeavored to keep before it the importance of avoiding concessions on products which constitute the sole income of the communities in which they are produced and of avoiding an undue impact upon employment and income in any one region through the cumulative effect of concessions on different products. Where there appeared to be danger of such effects, recommendations for reductions in tariffs, if any, are for moderate reductions. For example, in the case of lace, although the rate could, legally, be reduced from the present 75 per cent ad valorem to 45 per cent, the Committee recommendation is for a rate of 65 per cent on the most competitive products. In addition, some concessions have not been recommended in order to save bargaining power for use in possible later negotiations with an important secondary supplier. Especial care has been exercised to save concessions for possible negotiations with Switzerland.

Important commodities on which no new concession is recommended, for reasons falling within the categories described above, are ground-fish fillets, surgical instruments, shotguns, and leather gloves. On other important goods in this class the recommendation is merely to bind an existing rate which would otherwise be increased as the result of the lapse of earlier bilateral trade agreements. These include filberts and lead. The recommendation on potatoes is also one which does not lower the duty or increase the quantity of low-duty imports at times when potatoes are in surplus. These examples of care to avoid injury are all, of course, in addition to items omitted from the published lists because no basis existed for considering a possible concession.

The question of possible serious injury has been handled with special attention where the security interests of the United States are involved, and it should be noted that there are no dissents by the Defense representative, who has participated fully in all of the work of the Committee.

Notwithstanding the care which has been exercised in preparing these recommendations, there may be considerable domestic controversy concerning the concessions proposed on a number of items, the most important of which are discussed in Annex VI or, if a dissent is involved, in Annex II.

In general, it may be said of all of these cases that a continuation of present active domestic demand, including accelerated defense purchasing, will somewhat lessen the intensity and considerably lessen the effectiveness of protests. However, where the reason for the protest is fear rather than any actual difficulty, the fact that conditions are good now may not satisfy the interests concerned, despite the favorable record of the program with respect to avoidance of injury.

It may be anticipated that, during the course of the negotiations, various domestic interests will urge that no reductions should be made in duties on products of particular concern to them, especially if the international situation does not improve substantially. In such circumstances these interests will probably cite the continued emergency situation in support of their protests, just as they have already urged that the negotiations should be postponed because of the existing emergency. It is recommended that such contentions should be rejected. The offers which you are being asked to approve, if finally negotiated, will have an anti-inflationary effect domestically and will help to strengthen and integrate the economies of all friendly countries.

It is, of course, not possible to say that these offers if approved and the recommendations yet to be formulated on the basis of the second supplementary list will offer sufficient bargaining power to secure an agreement with all of the countries at Torquay. It may therefore be necessary to request additional authority on particular items as the negotiations proceed. However, it is believed that the offers which are recommended at this time will provide an adequate basis on which to begin negotiations.

Your approval of the Committee's recommendations is requested.

CARL D. CORSE

394.31/9-2650

*Memorandum of Conversation, by Mr. Lucius D. Battle of the
Executive Secretariat of the Department of State*

CONFIDENTIAL

[WASHINGTON,] September 26, 1950.

Participants: Mr. Acheson
Mr. Bevin ¹
Mr. Barclay ²
Mr. Battle

In a conversation on other matters, Mr. Bevin mentioned the Torquay tariff negotiations. He said that he hoped that the negotiations

¹ Ernest Bevin, British Secretary of State for Foreign Affairs.

² R. E. Barclay, Private Secretary to Mr. Bevin.

this time would not get in a wrangle on the question of imperial preferences. He said that the issue would not arise. He said the British would do all possible to meet us on other matters but hoped that the question of imperial preferences could be avoided.

Mr. Acheson said that he would take the matter up with Willard Thorp.³

³ Willard L. Thorp, Assistant Secretary of State for Economic Affairs, had been designated Chairman of the United States Delegation to the Third Round of Tariff Negotiations under the General Agreement on Tariffs and Trade. For a list of persons named to the United States Delegation, see Department of State *Bulletin*, October 2, 1950, pp. 553 ff. The Third Round opened at Torquay, England, on September 28.

394.31/9-2850

*Memorandum by the Chief of the Commercial Policy Staff (Beale)
to the Director of the Executive Secretariat of the Department of
State (McWilliams)*¹

SECRET

[WASHINGTON,] September 28, 1950.

Subject: Proposed United States Offer on Wool

As I told you by telephone, the Secretary of Agriculture has talked with the President about the offer on wool which the Committee on Trade Agreements has recommended should be made at Torquay and which is opposed by the Department of Agriculture. On the basis of a conversation with a member of Dr. Steelman's staff, I recommend that Mr. Webb talk with the President about wool at the earliest opportunity. The Torquay Conference opens today (September 28) and the President may make his decision on the offer list within the next day or so. Wool is probably the most important single item in the tariff negotiations and is the key not only to the negotiations with Australia and New Zealand but, on the basis of our experience at Geneva, will largely affect the outcome of our negotiations with the British.

Attached is a memorandum which it is recommended Mr. Webb use as a basis for his conversation with the President.

[Attachment]

PROPOSED UNITED STATES OFFER ON WOOL

On Tuesday last the Committee on Trade Agreements forwarded to you for your approval its recommendations regarding the concessions we should offer and the requests we should make in the Torquay

¹ Marginal notation: "Mr. Webb took the attached to the W[hite] H[ouse] on 9/28/50."

tariff negotiations. No doubt your staff will be discussing these recommendations with you soon, as the Conference opens formally today (the 28th). The Committee's recommendations were unanimous except on a few items (raw wool, wool noils, grapes, raisins, certain kinds of hair, and cotton cloth). The report which I forwarded to you contains full comments by the majority of the Committee on those items as well as the views of the two dissenting Agencies (Agriculture and Labor).

I want to mention wool particularly, because of its importance to the success of the negotiations.

The proposed offer on finer wools is to the legal limit (17 cents per pound) on the main category and practically to the limit on the remainder. The proposal on coarse apparel wool cuts about half way to the legal limit from present rates (about 30 percent cuts).

The point I would like to emphasize is that the wool items are the most important products in the negotiations with Australia and New Zealand. In our judgment neither country will negotiate with us without the offer of a reduction in the duty on wool. Equally important, however, is the fact that failure to conclude negotiations with Australia and New Zealand may seriously affect the success of our negotiations with Great Britain. You will recall that a concession on wool was a key consideration in the success of the Geneva Conference in 1947. Without the bargaining power which a reduction in the wool duty gives us, we will not be able to secure the reduction or elimination of the preferences Britain gives Australia and New Zealand on products of great importance to our export trade.

394.31/9-2950

The President to the Secretary of State

WASHINGTON, September 29, 1950.

DEAR MR. SECRETARY: The recommendations of the Interdepartmental Committee on Trade Agreements with respect to concessions to be offered and requested at Torquay, transmitted with the memorandum of September 26, have been carefully reviewed. I understand that the United States delegation at the conference hopes to open tariff negotiations with other delegates in the near future.

The recommendations of the Committee are hereby approved, with the exception of the five items covered by the dissent of the Department of Agriculture. The issues set forth in the statements of the Department of Agriculture and the majority opinions on the items require further consideration and, accordingly, I am taking no action

with regard to these items at this time. I shall give you my decision on them as soon as possible. I should appreciate your informing the Trade Agreements Committee to this effect.

Very sincerely yours,

HARRY S. TRUMAN

394.31/10-1250

Memorandum by the Deputy Assistant Secretary of State for Economic Affairs (O'Gara) to the Director of the Executive Secretariat of the Department of State (McWilliams)

CONFIDENTIAL

[WASHINGTON,] October 12, 1950.

If the Secretary should ask what, if anything, has been done to follow up on the comment that Mr. Bevin made to him about the issue of Imperial preferences at the Torquay tariff negotiations, you might advise him as follows.

1. A telegram was sent to the United States delegation at Torquay giving the substance of the conversation.

2. Harold Wilson, head of the United Kingdom delegation to the conference,¹ stressed the importance which the British attach to preferences in his opening address and also in informal conversations with Mr. Thorp.²

3. However, Mr. Wilson indicated to Mr. Thorp that the United Kingdom is willing to grant concessions in margins of preference when it is clearly advantageous to do so.

4. The delegation is proceeding to handle the matter on an item-by-item basis rather than in the more controversial context of the general issue.

5. If the matter should be raised with the Department again by the British, they should be referred to the delegation.³

¹ Mr. Wilson, a British Cabinet Minister, was President of the Board of Trade.

² Specifically, the views of Mr. Harold Wilson were communicated in a dinner meeting with the Americans at Torquay on September 28. Thorp was Assistant Secretary of State for Economic Affairs and Chairman of the United States Delegation. Also present were the deputies of the two principals, Carl D. Corse (U.S.) and Sir Stephen Holmes (U.K.). (Memorandum of conversation, Torquay, September 28, 1950, International Trade Files, Lot 57D284, Box 138, Folder "UK 1950 TN/8100/Preliminary Negotiations")

³ The Torquay tariff negotiations extended until April 21, 1951. The British imperial preference and other substantive issues that may be included will be documented in *Foreign Relations*, 1951, volume I.

394.31/11-1450

The President to the Secretary of State

WASHINGTON, November 14, 1950.

DEAR MR. SECRETARY: On September 29 I approved the Inter-departmental Committee on Trade Agreement's recommendations of

September 26 with respect to the tariff concessions to be offered and requested at Torquay, with the exception of the five items covered by the dissent of the Department of Agriculture.

The issues involved in the Committee's recommendations on clothing wool; mohair and hair of the alpaca, llama, and vicuna; wool noils; grapes; and raisins made from seedless grapes have now been carefully reviewed. Since the concessions to be negotiated at Torquay will be subject to termination, after negotiations under Article XXVIII of the General Agreement on Tariffs and Trade, at any time after January 1, 1954, I believe that the concessions recommended by the Committee can be safely offered, although the Secretary of Agriculture has called attention to potential future problems which may be particularly serious in the case of the wool items.

The recommendations of the majority of the Interdepartmental Committee on Trade Agreements for concessions on the five items covered by the Agriculture dissent are hereby approved.

Very sincerely yours,

HARRY S. TRUMAN

411.003/11-2150

Memorandum by the Secretary of State to Dr. John R. Steelman, The Assistant to the President

SECRET

[WASHINGTON,] November 21, 1950.

Subject: Proposed Alternatives to the Raw Wool Concession

There is enclosed a memorandum¹ from the Alternate Chairman of the interdepartmental Committee on Trade Agreements setting forth the results of that Committee's consideration of the alternative to the concession on raw wool recommended in the memorandum to you from the Secretary of Agriculture, dated November 15, 1950,² which was referred to the Committee by this Department.

On September 26, the majority of the Committee on Trade Agreements recommended to the President that the duty on raw wool be reduced from 25½ cents per pound to 17 cents per pound. This Department supported the recommendation of the Committee and urged its approval. On November 14 the President approved the recommendation of the majority of the Committee.

For a number of reasons I strongly urge that no change should be made in the offer on wool as approved by the President. Quite apart from the question of whether the duty on raw wool should be suspended under Section 318 of the Tariff Act of 1930, which authorizes

¹ Not attached to file copy, but see TAC memorandum, November 21, *infra*.

² Not found in Department of State files.

duty-free importation of supplies for use in emergency relief work, it would, in my opinion, be most inappropriate to offer to take such action in connection with tariff negotiations and as an alternative to a tariff concession. There is, of course, no question as to the appropriateness of making a concession on wool with the right reserved to withdraw that concession by a Presidential Proclamation stating that the abnormal situation regarding wool had ceased to exist. There is no reason to believe, however, that Australia and New Zealand would consider that such an offer by the United States provided a basis for negotiations. At the present time the success of the Torquay conference is being seriously endangered by insistence on the part of a number of countries, in particular France, on withdrawing a substantial number of the concessions negotiated by those countries at Geneva and Annecy. The United States has taken the lead in urging that such withdrawals be held to a minimum. Our influence in guiding the conference to a successful conclusion would, in my opinion, be greatly reduced if we were to offer to Australia and New Zealand a purely emergency concession on an item which is of such vital importance to these countries. Such action would greatly discourage the conference at a very critical stage. At best it would prolong the negotiations with Australia and New Zealand, as well as with the other Commonwealth countries involved in the preferential system. Insistence on maintaining a limited offer on wool would, in my judgment, eventually result in failure to conclude negotiations with Australia and New Zealand (wool finer than 44's accounted for 98 percent of United States imports in 1948 of items on the offer list for Australia). Furthermore, if in the circumstances it was possible to conclude negotiations with the United Kingdom, only very limited results could be expected. It should also be noted that the Australians have only recently agreed, after extended negotiations, to participate in a set-aside arrangement for wool which is designed to ensure adequate supplies of wool for United States military requirements.

Should the suggestion be made that the United States make an initial offer to the Australians along the lines proposed by the Department of Agriculture with authority to recede to the concession already approved by the President, it is believed that this course of action would be undesirable. It is the view of the Chairman of the United States Delegation at Torquay that such tactics would be wholly unproductive and would only serve to dishearten the conference, to prolong the negotiations and to endanger their successful outcome.

I therefore recommend that no change be made in the offer approved by the President.

DEAN ACHESON

411.003/11-2150

Memorandum by the Alternate Chairman of the Interdepartmental Committee on Trade Agreements (Beale) to Dr. John R. Steelman, The Assistant to the President

SECRET

[WASHINGTON,] November 21, 1950.

Subject: Proposed Alternatives to the Raw Wool Concession

Reference is made to your memorandum of November 16, 1950 to the Secretary of State enclosing a memorandum from the Secretary of Agriculture, dated November 15, 1950,¹ in which it was recommended that, in making a further wool concession to Australia, either (1) the right would be reserved to withdraw the concession by a Presidential Proclamation stating that the abnormal situation regarding wool had ceased to exist, or (2) the United States would promise to suspend the duty on wool under the provisions of Section 318 of the Tariff Act of 1930 for the duration of the emergency wool situation.

On November 17, the interdepartmental Committee on Trade Agreements considered these alternatives. At that time the Committee was informed by the member representing the Department of Agriculture that it was intended that either of these alternatives should be offered instead of the concession on raw wool recommended by the majority of the Committee on September 26 and approved by the President on November 14, 1950.

After full and careful consideration of these alternatives, the majority of the Committee (the representative of the Department of Agriculture dissenting) voted not to recommend to the President that either of the alternatives be offered to Australia and New Zealand instead of the offer previously recommended.

In reaching this decision the majority of the Committee expressed the view that there had been no change in the situation with respect to wool which would justify a change in the recommendation of the majority as set forth in my memorandum to the President, dated September 26, 1950.

W. T. M. BEALE

¹ Dr. Steelman's memorandum to the Secretary of State, November 16, is not printed. (411.003/11-1650). The memorandum of November 15 from the Secretary of Agriculture was not attached.

Secretary's Memoranda, Lot 53D444, Box 417

Memorandum by Dr. John R. Steelman, The Assistant to the President, to the Secretary of State

RESTRICTED

WASHINGTON, November 21, 1950.

This is in reply to your memorandum of today's date regarding proposed alternatives to the tariff concession on raw wool.

Your memorandum and that of the Alternate Chairman of the Interdepartmental Committee on Trade Agreements which you enclose have been carefully studied, and all of the aspects of the situation have been further reviewed. I have concluded that the offers to Australia and New Zealand should be based upon the original recommendation of the Committee on Trade Agreements as approved by the President on November 14, and recommend that you so advise the Delegation at Torquay.¹

JOHN R. STEELMAN

¹In a covering "Cabinet Note" the Secretary of State explained: "Prior to the beginning of the Cabinet meeting Mr. Steelman handed me the attached memorandum. He told me that he had explained the decision of the President contained in this memorandum to the Secretary of Agriculture." (Lot 53D244, Box 417, "Secretary's Memos, August-September")

PAPERS RELATING TO ASPECTS OF THE FOREIGN FINANCIAL POLICY OF THE UNITED STATES

NAC Files, Lot 60D137, Box 367 ¹

*Information Paper Submitted to the National Advisory Council by
the Secretary of the Council*

CONFIDENTIAL

[WASHINGTON,] December 16, 1949.

Doc. No. 938

STATISTICAL SURVEY OF UNITED STATES GOVERNMENT POSTWAR FOREIGN AID

During the period July 1, 1945 through June 30, 1949, the United States Government made available \$27.2 billion for foreign assistance, of which \$23.3 billion were utilized or expended and \$3.9 billion remained as an unutilized balance on June 30, 1949. United States foreign aid utilized in these four years has averaged somewhat less than \$6 billion per year (about one-half billion dollars per month). There has been no clear trend, either upward or downward, in the amount of foreign aid utilized; in fact, expenditures for the last two years of the period under review were identical with those for the first two, and expenditures in fiscal 1948, the year in which the total was lowest, were only 15 percent lower than in the peak year of 1949 (see Table I). Preliminary estimates for 1950, including MAP disbursements, point to a level of expenditures on foreign aid of the same order of magnitude as the annual average for the previous four years.

There has, however, been a marked shift in the distribution of foreign aid between grants and credits (see Table I). While credits, which amounted to over two-fifths of foreign aid for the four year period ending June 30, 1949, accounted for more than half of our foreign assistance in 1946-47, they were less than one-third of the total in 1948-49, and less than one-fifth in 1949, and in 1950 will

¹ The National Advisory Council on International Monetary and Financial Problems (NAC) was an interdepartmental committee established by the Bretton Woods Agreements Act of July 31, 1945 (59 Stat. 512). The Act provided for United States participation in the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD, or "the Bank"). The National Advisory Council was to coordinate policies and operations of the United States Government with respect to this Government's relations with the two Bretton Woods institutions.

probably constitute about one-tenth of the total. It should be noted that by 1952 the debt service of foreign countries on postwar foreign loans made by the United States will amount to approximately \$1½ billion.

GEOGRAPHICAL DISTRIBUTION OF AID

The ERP countries accounted for over 70 percent of the total aid utilized (see Table I). There was a marked trend upward in the ERP countries' share of annual foreign aid, the proportion increasing each year. It rose from 58 percent in 1946 to 80 percent in 1949, and will probably be even more in 1950. Asia received about one-sixth of the total aid utilized, of which about three-quarters went to China and Japan, while Latin America received less than 2 percent of the total and about 10 percent went to European countries outside the ERP and to the rest of the world.

FOREIGN AID AND THE UNITED STATES POSTWAR BALANCE OF PAYMENTS

Total exports of goods and services of the United States amounted to \$67.4 billion between July 1945 and June 1949 (see Table II). The United States received \$35.3 billion in foreign goods and services, leaving a difference of \$32.1 billion to be financed from other sources. United States Government foreign aid covered over 70 percent of this gap, while \$6.6 billion of the remainder was met by the liquidation of gold and dollar assets of foreign countries. It should be noted that while shipments to Europe and Asia continued to make up a large portion of United States exports, on a relative basis the share of goods flowing from Europe and Asia to the United States decreased in the postwar period as compared with prewar.

CHANGES IN FOREIGN GOLD AND DOLLAR RESERVES

Total gold and dollar reserves of foreign nations have declined by over \$5 billion in the last four years (see Table III). The decline would have been even greater were it not for the addition of current gold production (outside the United States) of about \$700 million a year to the world supply of gold. The ERP countries accounted for about three-fifths of the decline, having lost almost 30 percent of their gold and dollar balances since 1945.

FOREIGN AID AND THE BUDGET

Expenditures on foreign aid for the four years ending June 30, 1949, constituted about 13.5 percent of total budgetary expenditures. Since fiscal 1946, a year which included heavy expenditures directly connected with the War and its immediate aftermath, the annual share of the foreign aid program in total United States Government expenditures has fluctuated closely around 15 percent. The peak year, both absolutely and relatively, was 1949, when expenditures on foreign aid amounted to \$6.3 billion and constituted 17 percent of total ex-

penditures (see Table IV). It is estimated that expenditures on foreign aid for fiscal 1950 will constitute 13.8 percent of total estimated expenditures and will exceed the estimated deficit for the current year by \$1½ billion.

Table I

U.S. GOVERNMENT FOREIGN AID UTILIZED IN THE POSTWAR PERIOD

BY TYPE OF AID AND BY GEOGRAPHICAL AREA

| Type or area | (in billions of dollars) | | | | | |
|---|--------------------------|-------------|--------|--------|--------|--------|
| | Total postwar aid (est.) | 1950 (Est.) | 1949 | 1948 | 1947 | 1946 |
| <i>Total postwar aid (est.)</i> | \$29. 4 | \$6. 0 | \$6. 3 | \$5. 4 | \$6. 2 | \$5. 5 |
| <i>By type of aid:</i> | | | | | | |
| Grants | 18. 7 | 5. 4 | 5. 2 | 2. 7 | 2. 1 | 3. 3 |
| Credits | 10. 7 | 0. 6 | 1. 1 | 2. 7 | 4. 1 | 2. 2 |
| <i>By geographical area:</i> | | | | | | |
| ERP countries | 21. 3 | 4. 8 | 5. 0 | 4. 2 | 4. 1 | 3. 2 |
| Asia | 4. 9 | 0. 9 | 1. 0 | 0. 8 | 1. 0 | 1. 2 |
| Latin America | 0. 5 | 0. 1 | 0. 1 | 0. 1 | 0. 1 | 0. 1 |
| All other | 2. 7 | 0. 2 | 0. 2 | 0. 3 | 1. 0 | 1. 0 |

Note: Transactions of the International Bank and the International Monetary Fund are not included in this Table. In the postwar period (through September 30, 1949), U.S. dollar disbursements of these organizations to foreign countries totaled \$1.3 billion.

Components will not necessarily add to totals due to rounding.

Table II

FOREIGN AID IN THE U.S. BALANCE OF PAYMENTS

POSTWAR PERIOD

(in billions of dollars)

| Fiscal year | Total exports | Means of financing | | | |
|------------------------|---------------|--------------------|-----------------------|---------------------------------|---------|
| | | Total imports | U.S. Gov't. aid (net) | Liquidation of gold and dollars | Other * |
| <i>Total</i> | \$67. 4 | \$35. 3 | \$22. 2 | \$6. 6 | \$3. 2 |
| 1949 | 16. 8 | 10. 5 | 5. 7 | 0. 2 | 0. 4 |
| 1948 | 18. 3 | 9. 4 | 4. 6 | 3. 1 | 1. 3 |
| 1947 | 17. 7 | 7. 9 | 5. 7 | 3. 5 | 0. 6 |
| 1946 | 14. 6 | 7. 6 | 6. 3 | -0. 3 | 1. 0 |

Note: Components will not necessarily add to totals due to rounding.

*Data in this column reflect U.S. net private remittances, U.S. net long and short-term capital outflow, errors and omissions, and dollar disbursements by the International Monetary Fund and the International Bank. [Footnote in the source text.]

Table III

ESTIMATED FOREIGN GOLD AND SHORT-TERM DOLLAR BALANCES

JUNE 30, 1945 TO JUNE 30, 1949

(in billions of dollars)

| Area | June 30, 1949 | 1948 | December 31 1947 | 1946 | June 30, 1945 |
|-----------------------------------|------------------|---------|---------------------|---------|------------------|
| <i>Total, all areas</i> | \$14. 6 | \$14. 9 | \$15. 1 | \$19. 3 | \$19. 7 |
| ERP countries | 7. 5 | 7. 8 | 7. 8 | 10. 0 | 10. 5 |
| Asia & Oceania | 2. 1 | 2. 0 | 1. 8 | 2. 0 | 2. 0 |
| Latin America | 2. 8 | 2. 7 | 2. 9 | 3. 6 | 3. 6 |
| All other | 2. 2 | 2. 4 | 2. 6 | 3. 7 | 3. 6 |

Note: Table excludes holdings of the International Monetary Fund, the International Bank and other international organizations—also the U.S.S.R.

Table IV

U.S. GOVERNMENT FOREIGN AID RELATED TO FEDERAL FISCAL OPERATIONS

POSTWAR PERIOD

(in billions of dollars)

| Fiscal years | Total U.S. Gov't expendi- tures† | Expenditures for | | Percent: foreign aid to total expendi- tures | Budget surplus (+ or) deficit (-) |
|--|---|------------------|-----------------------|---|--|
| | | Foreign aid† | All other purposes | | |
| <i>Total postwar period (est.)</i> . . . | \$215. 8 | \$29. 4 | \$186. 4 | 13. 6% | \$-18. 8 |
| 1950 (est.) | 43. 5 | 6. 0 | 37. 5 | 13. 8 | -5. 5 |
| 1949 | 37. 1 | 6. 3 | 30. 8 | 17. 0 | -1. 8 |
| 1948 | 36. 8 | 5. 4 | 31. 4 | 14. 7 | +8. 4 |
| 1947 | 37. 9 | 6. 2 | 31. 7 | 16. 4 | +0. 8 |
| 1946 | 60. 5 | 5. 5 | 55. 0 | 9. 1 | -20. 7 |

†Excluding payments to and transactions of the International Bank and the International Monetary Fund.

Table V

MAJOR APPROPRIATIONS AND AUTHORIZATIONS FOR FOREIGN ASSISTANCE IN THE POSTWAR PERIOD†

(in millions of dollars)

| Legislation | Total postwar | Fiscal years | | | | |
|-------------------------------------|---------------|--------------|--------|--------|--------|----------|
| | | 1950 | 1949 | 1948 | 1947 | 1946 |
| <i>Total</i> | 26, 975 | 6, 566 | 6, 641 | 3, 889 | 5, 069 | 4, 810 |
| ECA | 9, 998 | 3, 924 | 4, 824 | 1, 250 | — | — |
| GARIOA | 4, 021 | 913 | 1, 300 | 1, 083 | 725 | — |
| U.K. loan | 3, 750 | — | — | — | 3, 750 | — |
| Lend-lease | 2, 475 | — | — | — | — | 2, 475 |
| UNRRA and post- UNRRA | 3, 032 | — | — | 332 | 465 | \$2, 235 |
| MAP | 1, 314 | 1, 314 | — | — | — | — |
| China, Korea & Philipp | 1, 138 | ¶370 | 292 | 247 | 129 | 100 |
| Greece-Turkey | 670 | 45 | 225 | 400 | — | — |
| Interim aid | 577 | — | — | 577 | — | — |

Note: Data in this table do not reflect the increase in the lending authority of the Export-Import Bank (from \$700 million to \$3,500 million on July 31, 1945), nor payments to the International Bank and the International Monetary Fund. Also excluded are foreign credits of \$1,094 million made by the Foreign Liquidation Commissioner, and \$800 million made by such agencies as the Reconstruction Finance Corporation, Depts. of Agriculture, State, and Army and the Maritime Commission. About \$100 million in grants appropriated by the Congress for use by Agencies such as the Children's Emergency Fund, The Institute for Inter-American Aid, and the International Red Cross also have been omitted from this table.

†Classified according to fiscal years for which funds were intended for expenditure. [Footnote in the source text.]

§Includes \$800 million appropriated on June 30, 1944, but largely spent in 1946. [Footnote in the source text.]

||Includes \$500 million in contract authorizations. [Footnote in the source text.]

¶It is estimated that, of this amount, about \$100 million (originally appropriated for China), will not be spent. [Footnote in the source text.]

NAC Files, Lot 60D137, Box 367

*Memorandum by the NAC Staff Committee to the National
Advisory Council*

CONFIDENTIAL

[WASHINGTON,] January 16, 1950.

Doc. No. 948

Subject: Proposed European Clearing Union

Problem

The ECA has submitted for the consideration of the Council its draft plan for a European Clearing Union, which is now under discussion with the OEEC participating countries.¹ (The proposal is outlined in NAC Document No. 942 of December 20, 1949.²) In addition to provisions for net multilateral settlement of balances between members (including the sterling area, and possibly the sterling transferable accounts system as a whole), the proposal suggests the substantial elimination of quantitative restrictions on trade between the OEEC participating countries and the establishment of incentives and administrative methods for attaining coordination of monetary and economic policies between those countries.

The clearing union would in effect establish a regional monetary organization which in part would perform functions essentially similar to those exercised on a global basis by the International Monetary Fund.

A United States contribution to the union could best be effected if ECA legislation were amended.

The scheme is conceived as a possible economic measure in a step-by-step approach to the progressively closer association, political, military and economic, of the countries of the free world. The most pressing problems and the greatest opportunities are believed to be among the countries of Western Europe and those areas directly tied to them. Measures centered on Western Europe are within the framework of what will probably be somewhat slower progress toward closer association of the entire North Atlantic Community.³

These broad goals are not an issue in this paper. The specific proposal for a clearing union, however, raises certain questions of relationship to other areas of United States policy which are set forth in this paper, together with some specific problems relating to operation and financing of the proposal.

¹ For documentation regarding European economic integration, see vol. III, pp. 611 ff.

² Not printed.

³ For documentation concerning the North Atlantic Treaty Organization, see vol. III, pp. 1 ff.

1. *Relation of Clearing Union to U.S. Financial and Trade Policies as Embodied in IMF, ITO and GATT*

It is United States policy under ITO and GATT that permanent exceptions to the rules of nondiscrimination should be granted to regional associations only if their members have taken definite commitments to establish customs or general economic unions. In the monetary field, the basic premise of the International Monetary Fund is that individual countries should move as rapidly as possible toward reduction of payments barriers and the assumption of convertibility. In its drive for European integration ECA has sought to avoid political difficulties by encouraging partial steps toward integration (as in the proposal under discussion) without demanding firm commitments as to ultimate establishment of an economic union. However, ECA believes that the development of a common monetary system, the equivalent of a single currency, should be an ultimate objective of plans for regional economic integration.

The ECA proposal does not deal with the further problem of transition toward the fundamental objective of United States policy in this field—namely, multilateral trade and dollar convertibility. It is clear that it will be difficult to develop satisfactory proposals of this character, in part for the reasons which have made it difficult to implement the principles of the IMF and the ITO.

The following questions therefore arise:

(1) Would the regional clearing union in fact develop into a full economic union?

(2) If not, would participation in a clearing union make it difficult or impossible for any member of the union to take measures leading toward the establishment of convertibility with the dollar area to any greater extent than do other members of the clearing union?

(3) Will the proposal lead eventually in the direction of multilateral trade and dollar convertibility, or will it tend to result in a large and permanent soft currency trading area with a common policy of discrimination against trade with the dollar area, and restrictions on exchange transactions with that area?

The proposed clearing union would perform important functions similar to those of the Fund. It is, therefore, possible that Canada, Latin America, and other countries excluded from the clearing union will take this as an indication that the United States is shifting away from the pursuit of the objectives of the Fund. The following questions arise:

(1) Could such an organization with United States participation be reconciled with the United States pledge of leadership and responsibility in the Fund?

(2) In particular, given the size and significance of the participants in the clearing union, would the Fund in practice lose to the clearing

union the major part of its present responsibilities and could this be prevented?

(3) If not, can other methods be found to deal with the problem of providing for regional payments within the European area and of furthering the economic integration of Europe?

[Here follows a section entitled "Participation by the United States in the Clearing Union." Part (a) dealt with technical questions regarding the requirements and forms of a United States financial contribution.]

(b) Management and Policy Formation

The ECA proposal suggests that the clearing union should be managed by the Board of Directors on which the United States would have a member. The significance of participation by the United States in the management of the clearing union would depend greatly on the functions assigned to the union and to the nature and extent of the United States financing.

The most serious questions arise in relation to the provision by this country of funds for credits to be given out by the union on the basis of policy undertakings by the recipients. Under proposals giving an active policy role to the clearing union, such as is envisaged by the tentative ECA proposals, United States participation in management would have the obvious advantage of giving the United States a recognized voice in an organization dealing with questions of great importance.

Moreover, support for a union having important policy functions would certainly be more readily forthcoming from the Congress and people of the United States if this country had representation in the supervision of the union. The case for participation by the United States in management would be much less certain with regard to a union functioning automatically on a basis of credit or payment margins agreed on in advance, as the safeguards to United States interests would be embodied in the agreement rather than represented by participation in discussion of management.

On the other hand, the question arises, particularly as relates to long-range influence by the United States toward the ultimate goal of worldwide convertibility of currencies, whether the voting position of the United States in a European union would be comparable to the weighted voting strength of this country in the International Monetary Fund. It is questionable whether there is any way of assuring any such continuing position for the United States in a European clearing union as in the Fund.

The relationship of participation by the United States in a clearing union raises another question respecting the International Monetary Fund. This question is whether United States participation in an

organization designed to deal on a regional basis with the same type of problems as the International Monetary Fund can be reconciled with the position of primary sponsorship for and leadership in the Fund which has been regarded as a cardinal principle of American economic foreign policy. With respect to an institution analogous to the clearing union which had been proposed for Latin America, the National Advisory Council registered its opposition in the NAC Action No. 226, March 18, 1948,⁴ for the reason among others of the serious consequences to the International Monetary Fund which were to be expected.

To reconcile these difficulties, it has been suggested that the United States representative in the clearing union should abstain from active participation in matters concerning the Fund. A question may be raised, however, whether this suggestion would not in fact eliminate the United States from a substantial part and perhaps a majority of the important matters which would come before the clearing union. This might suggest the possibility of another alternative, namely, that the United States be represented by an observer rather than by a voting member.

If European economic unification is a goal of United States policy, it is necessary to face these difficulties and see whether some *modus vivendi* can be reached between the position of the United States toward the management of the European clearing union and the position of this country in the global institutions to the support of which the United States is committed.

[Here follows discussion of the scope of the clearing union (section 3) and of the question of the relation of the proposed clearing union to progress toward dollar viability (section 4).]

5. *Instructions to United States Executive Director of the International Monetary Fund.*

In due course the United States Executive Director⁵ will need instructions on how to reply to the following points raised in a memorandum of January 12, 1950 from the Managing Director of the Fund (see attachment A):⁶

⁴ Not printed.

⁵ Frank A. Southard, Jr.

⁶ Not printed. The position of the Managing Director of the Fund seemed to be this: The establishment of a regional exchange organization should be the business of the International Monetary Fund, and, if such were deemed necessary, the Fund itself should provide the machinery for such an organization. Unnecessary conflicts of policy and action and wasteful duplication of time and personnel would be the inevitable result of the establishment of a regional organization. Accordingly, international monetary action would be hindered rather than promoted.

It was in this context that the Managing Director posed the questions enumerated above.

“(a) The Fund is vitally concerned with European payments problems and should participate in the present discussions at both the technical and policy levels.

“(b) The Fund should be consulted by the members before adoption of the plans now under discussion.

“(c) If it is found necessary or desirable to set up a regional monetary organization, the Fund can provide such an organization.”

He will also need guidance as to the position he should take in any discussion in the Fund on the ECA proposal.

NAC Files, Lot 60D137, Box 362

*Minutes of Meeting No. 146 of the National Advisory Council,
Washington, January 19, 1950*

SECRET

[Here follow list of persons present (29) and prior discussion. Secretary of the Treasury Snyder was in the chair. The Assistant Secretary of State for Economic Affairs (Thorp) and his Special Assistant, Mr. Leroy D. Stinebower, were present for the Department of State. Mr. Frank A. Southard, Jr., was present as United States Executive Director on the International Monetary Fund.]

Mr. Southard added that we were dealing with a proposal for a permanent institution¹ and that it must be considered whether, both in terms of the Fund and of other broad United States objectives, the possible gains from the proposed institution would adequately offset the risks involved for us. His own view was that it was impossible to evaluate the clearing union proposal as a forerunner of a genuine union until the European countries were prepared to state that union was their objective and that in their view this device for monetary union was an element in a total program for union. The proposal had to be evaluated in terms of ultimate objectives rather than primarily as a transitional device. Mr. Southard continued that the plan provided as the incentive for maintaining the proper emphasis on dollar trade what seemed to be primarily a gold standard device, namely, dependence on movement in gold balances. He thought this was a very feeble reed to offer as the main resource to prevent the creation of a strengthened soft currency area which might permanently discriminate against dollar trade. The inclusion in the union of sterling area countries, many of which were foods and raw materials producing countries, increased the risk rather than decreased it.

Mr. Southard continued that United States sponsorship of this device ran the risk of misleading the rest of the world into believing

¹ i.e., the proposed European Payments Union.

that we favored a regional approach rather than an international approach to the solution of problems. He pointed out that in other parts of the world, including Latin American and Moslem countries, there had been very specific proposals for clearing unions. These proposals did not seem appropriate for those areas, and in the case of the Latin American proposal the Council had taken an action expressing that view. However, it would not be too easy to say that a clearing union proposal made sense in Europe and not in other parts of the world. We might also find that if we contributed not only our talent but also our money to such a European clearing union it would be difficult to explain why there should not be similar contributions to clearing groups elsewhere in the world.

Mr. Southard added that he thought that United States sponsorship of the proposal would gravely weaken the agencies which were still struggling with an international approach to the problem of convertibility. It would weaken our influence and therefore the agencies themselves, including the Fund, GATT, and ITO.

Mr. Southard continued that there had been three chapters in the history of European relations with the Fund. In the first chapter the Europeans had decided they did not want a Fund with much power. We had spent most of our energy in the Fund trying to break down that concept. The second stage was marked by the ERP decision, where we removed the Fund for the duration of the ERP from the provision of dollar assistance. We had allowed the Europeans to challenge us with being indifferent to European problems in that regard. We were now in danger of having a third stage in which we would help the Europeans to set up an institution which would make it seem that the Fund would have no voice. Mr. Southard thought there was no way of reconciling the ECA proposal with our obligations to the Fund. We would participate in decisions to provide funds to make the same kind of advances that the Fund was designed to make. Although a superficial liaison for consultation and ratification could be set up, this would be merely a face saving device, and would be no more meaningful than had been the consultation on exchange rates in the fall of 1949. He concluded that his opposition to this proposal and the statement that there was no way of reconciling it with the Fund did not mean that the United States would have to oppose any possible arrangement by Europeans. There was no reason to believe that with respect to other plans we might not work out appropriate relations with the Fund and with other United States policy objectives.

[Here follows other discussion of the proposed European Payments Union.]

Mr. Thorp said the State Department had a real concern in supporting steps that look in the direction of closer working together

with European countries. He would not defend the proposal as one inevitably leading to or involving commitments to Europe's integration. He thought it did, however, constitute a move in that direction. He would be inclined to put justification on the basis that there was a real advantage to steps which break down the barriers within the European area itself. He pointed out that this was a problem we had faced in connection with Article IX of the Anglo-American Financial Agreement. The question raised was whether we were not leading to a soft currency area by allowing Britain to discriminate. He thought that at that time we came to the conclusion that as long as the soft currency area was being narrowed (and devaluation tended in this direction) there was a real benefit in increasing competition within that area and we would be prepared to support arrangements that would tend to break down barriers within the area. The objective would still be to break down all trade barriers. The State Department saw no reason why the same logic could not be used in defending this proposal, particularly on the basis of its being an immediate device for meeting an immediate situation. He had not thought of the union as necessarily being a permanent institution. He did not think it was necessary to make that decision now. The permanent institution might be a federation in Europe. There were more small indications of movements in that direction than previously. If one thought of the union as a temporary arrangement carrying out operations parallel to those the International Monetary Fund carries out, but is not doing for Europe at present, that kind of responsibility might well revert to the Fund after 1952 when ECA had withdrawn from Europe. He said that no one wanted to take a position that would undercut or destroy the Fund but he was not sure that necessarily followed from the current proposal. He thought there could be limitations on time or limitations on authority that would permit the Fund to feel the union was something supporting its objectives rather than being a competitive organization.

[Here follows further and lengthy discussion of the question.]

NAC Files, Lot 60D137, Box 362

*Minutes of Meeting No. 147 of the National Advisory Council,
Washington, January 23, 1950*

SECRET

[Here follow list of persons present (26) and discussion of the European Payments Union question.]

Action. The following action was taken (Action No. 383):

The National Advisory Council advises the Administrator for Economic Cooperation that:

I. The Council considers that in the establishment of any European clearing union designed to further progress toward the objectives of economic integration and ultimate full convertibility of currencies the following conditions should be met :

1. The operations of the proposed clearing union shall not conflict with obligations undertaken by the United States and other member governments to the International Monetary Fund ;

2. The establishment of the clearing union on the regional basis proposed shall not prevent any one participating country from moving as rapidly as possible toward full currency convertibility, nor prevent any group among the participating countries from moving as rapidly as possible toward full currency convertibility and closer integration, independently of the rate of progress evidenced by the other members of the clearing union.

II. In order to insure fulfillment of the foregoing stipulation, the National Advisory Council recommends with respect to :

1. *Financial Operations of and United States Contribution to a Clearing Union*

(a) The United States might reasonably concur in any arrangements which the Administrator might work out with the European countries as to the provision of credits by participating countries in local currency which might be used on a multilateral basis.

(b) Conditional aid dollars might be made available to debtors in specific amounts which might be used multilaterally to cover "structural deficits" with other participants. This money, as present conditional aid, might be supplied by the United States.

(c) Provision might be made for dollar payments on an "automatic" basis to be made by debtor countries through the clearing union to the creditor countries. Arrangements should be worked out whereby at the earliest practicable date, and not later than June 30, 1952, net dollar payments by debtors to the clearing union are at least equal to any net dollar payments from the clearing union to creditors so that the question of any United States financing would not arise beyond that date. The ECA would fix a maximum limitation on its obligations for such financing.

(d) The United States should not make any contribution to a fund from which loans would be made by a clearing union to debtors on a non-automatic basis in essentially the same way as International Monetary Fund drawings.

(1) The ECA may, however, modify its allocation of aid to individual countries upon the recommendations of a clearing union, to take account of payments positions of such countries relative to the clearing union.

(2) provided that no action should be taken by ECA upon any such recommendation involving a question of concern to the International Monetary Fund until the International Monetary Fund has had a reasonable opportunity to reach a judgment and to express its views and they have been considered by the United States Government.

2. *Management of Clearing Union and United States Participation Therein*

In order to avoid any possible United States involvement in conflict of recommendations made by the clearing union on monetary policy and those of the International Monetary Fund, the United States should not participate in the management of the clearing union. This would not preclude a United States observer in the union for the duration of the ERP period only; nor would it preclude United States veto power on any use of funds contributed by the United States under 1 above.

III. With respect to the memorandum of January 12, 1950, from the Managing Director of the International Monetary Fund,¹ the National Advisory Council instructs the United States Executive Director to assure the Managing Director that the United States fully recognizes the interest of the International Monetary Fund in any European clearing union and also indicate the hope of the United States that the International Monetary Fund will proceed promptly with consideration of the relationship which ought to be worked out between the International Monetary Fund and any European clearing union. As an immediate first step, the United States will propose that a Fund representative be invited to participate in the meetings of the special committee of the OEEC which is now discussing the clearing union proposal.

[Here follow discussion and action on another question.]

¹ See footnote 6, p. 818.

Editorial Note

The question of the structure of the European Payments Union and possible conflicts between IMF and EPU principles and policies was raised again in a National Advisory Council meeting (No. 158) on June 29. The Secretary of the Council, C. Dillon Glendinning, raised the question in the context of the then-advanced stage of negotiations for the establishment of a European Payments Union, revealing "the type of arrangements the Europeans were prepared to accept. . . ." The basis for the discussion was NAC Doc. 1009, June 29, 1950 (Lot 60D137, Box 367).

During the discussion, Mr. Frank A. Southard, Jr., the United States Executive Director on the International Monetary Fund, said that he wanted to emphasize once again those parts of the problem that concerned him "as the representative of the Fund". The Minutes summarize his position as follows:

"Mr. Southard added that the task of reconciling the EPU with broader United States policy with respect to non-discrimination and

convertibility was the main problem in dealing with the EPU or any other regional group. In this instance, the very size of the area gave the plan particular importance. There was no practicable way of keeping the great colonial areas of England, France, and Belgium outside of the EPU. We were dealing with something that which in its impact, although not in its detail, was concerned with most of the Eastern Hemisphere and a large part of the trade of the world. This was what alarmed the Canadians and Latin Americans. The question was whether there was a change in American policy.

Mr. Southard pointed out that if the problem of South African discrimination were discussed in the Fund or raised at Torquay,¹ we must be able to assure the critics that the United States has only one main theme and is not going to say to Europe that it is all right to discriminate and tell other parts of the world that discrimination is not permissible."

(Minutes of NAC Meeting No. 158, June 29, 1950, Lot 60D137, Box 362)

¹ For documentation on this matter, see pp. 791 ff. This is a reference to the meeting of the fifth session of the Contracting Parties of the General Agreement on Tariffs and Trade (GATT), scheduled to be held on November 2.

NAC Files, Lot 60D137, Box 362

*Minutes of Meeting No. 167 of the National Advisory Council,
Washington, December 5, 1950*

SECRET

[Here follow list of persons present (23) and discussion of a prior agenda item.]

2. *Use of the [International Monetary] Fund's Resources*

Mr. Glendinning said that the U.S. Executive Director for the last two years had made clear the United States position on the use of the Fund's resources.¹ The United States criteria for Fund drawings, however, had not received general acceptance. The Managing Director of the Fund ² had come to the conclusion that it would not be possible to reach a clear understanding in the Board as to the abstract criteria for drawings. Mr. Gutt felt, however, that the Fund should be moving toward its objectives. As outlined in NAC Staff Document No. 473 ³ he had made a proposal under which the Fund would explore actively with a number of countries, whose balance of payments positions were

¹ For previous documentation on this subject, see *Foreign Relations*, 1949, vol. I, pp. 729 ff.

² Camille Gutt.

³ Not printed.

improving, the possibility of steps being taken toward the Fund's objectives. In cases where the countries were prepared to make substantial moves, the Fund's resources might be made available to assist in the progress.

This proposal had been discussed by the Staff Committee. The U.S. Executive Director had indicated his view that we should welcome this suggestion of the Management of the Fund, and that the proposal did not mean modification of the Council's previous actions on the criteria governing the use of the Fund's resources.

Mr. Southard observed that this might not be an appropriate time to talk about ways in which resources of the Fund might be used to encourage countries to move toward the objectives of the Fund, i.e., to eliminate exchange restrictions and try to establish full convertibility, at least on current account. The discussions in the Fund outlined in his memorandum took place under circumstances of somewhat less anxiety than existed at the moment, but he had to assume that it might seem fit to the Managing Director and others to resume the discussion in the future. The reasons that impelled him to propose that he initially go along in the Fund with the Gutt proposal were that it would be a means for the time being of putting to an end the rather fruitless and acrimonious discussion on the use of the Fund's resources in which the United States was usually made to bear the responsibility for holding back. He did not think we should give up the two basic positions that (1) drawings should be subject to scrutiny, to sensible criteria, and to challenge even at the last moment, and (2) that in some countries special questions of repayment would arise. Mr. Gutt had indicated that what he proposed would be without prejudice to our views or those of the other side. He was saying that in the meantime, and with great caution, the Fund Staff would select those countries that might appear to be within reaching distance of the realization of the Fund's objectives. The Fund would take the initiative in approaching those countries one by one to discuss their problems and what additional steps they might take. If it appeared they were prepared to take steps that would promise decisive progress toward the objectives of the Fund, but they feared they might be faced in the short-run with balance of payments pressure, the use of the Fund's resources might be held out to them as part of the whole package. There were, of course, pitfalls. The Fund's Staff might be lacking in decision and firmness and allow inadequate programs to be submitted to the Board, and the Board might have to take the position that these programs did not merit the use of the Fund's resources. Even in such cases the position of the United States would be no worse than at the present time where we are thought to be standing in the way of any except "blue chip"

proposals. We might have to say no to these proposals but the burden on us would be a little less than at present and acceptance of the proposal would be a gesture in the right direction. He added that he and Mr. Hooker⁴ thought it was a fair risk although it was not free of all risk.

Mr. Southard continued that he considered that this proposal did not contradict any decisions of the NAC nor the two documents he had put before the Fund at the direction of the Council. The Staff Committee and the Council would have an opportunity to see in advance any program which, in the judgment of the Fund's Staff, met the broad Gutt standard. He thought it was only when the individual cases were brought up that the Council could be expected to say yes or no. He would like to feel it would not be inappropriate for him to show this degree of cooperativeness in the Fund. However, if the Council felt it was time to call a halt to the use of the Fund's resources he would like to know that now.

Mr. Szymczak⁵ said that he had strongly favored the proposed approach three or four weeks previously. Under present conditions, however, he would favor steps that would delay a decision until we could see more clearly what we were going to do. He added that he understood that no change was being proposed in the NAC action with respect to the ERP countries. Mr. Southard confirmed this understanding.

Mr. Blaisdell⁶ pointed out that Mr. Gutt's paper was dated November 7. In the month that had elapsed since then a great many things had happened that changed the picture entirely. At the earlier date there was a considerable feeling of optimism that we were looking to a time when we could have fewer quantitative controls, and the kind of freedom of trade and payments which he took it Mr. Gutt had in mind when he raised the question. The matter had to be regarded in the light of developments during the past month and of the kind of world situation it seemed we were likely to have.⁷ This included a budgetary situation in the United States which, unless regulatory measures were taken, would make the dollar of considerably different character in international trade than in the past. In view of similar actions that would be taken in other countries he wondered whether, instead of there being the cautious approach Mr. Southard had suggested, there should not be a very bold approach to the problem and

⁴ John S. Hooker, Alternate U.S. Director, International Monetary Fund.

⁵ M. S. Szymczak, Board of Governors, Federal Reserve System.

⁶ Thomas C. Blaisdell, Jr., NAC representative from the Commerce Department.

⁷ This is a reference to the national and international emergency that had arisen following upon the Chinese Communist intervention in the hostilities in Korea; for documentation regarding Korea, see vol. VII, pp. 1237 ff.; for information regarding the proclamation of the national emergency in the United States, see editorial note, p. 477. The remarks that follow are made in the context of this emergency.

we should not be thinking of utilization of the Fund for purposes far beyond what was conceived of when the Fund was established. This might be done informally or might even require modification of the Fund's Articles. We were striving to discover international machinery to handle some of the difficult problems in the trade field. Even under GATT we were working toward a kind of trade situation which was not previously contemplated. The GATT and Fund machinery were such that it would be easy to have a working arrangement between countries which were members of both. However, our concern was likely to be not so much how to get rid of controls as what form controls were going to take. He thought the Council might consider what the relation of these considerations was to the Fund mechanism and to United States policy, rather than to limit its attention to the points suggested in Mr. Gutt's memorandum.

Mr. Southard said he was not sure what use could be made of the Fund, assuming we could change the Articles of Agreement. The Fund had power, for example, to permit drawings against commodity collateral but that was designed for periods of surplus rather than scarcity. It was conceivable that the United States might obtain access to some foreign currencies through the Fund but whether we would want to make that approach rather than to approach foreign countries directly in order to obtain credits was an open question. He was not sure how the Fund could be used.

Mr. Blaisdell said he was not sure either. He thought the Council should be working on the whole series of problems that was being raised relating to blocking assets, materials controls, etc. In a meeting in Mr. Thorp's office recently, the need for machinery of the OEEC type had been discussed. The OEEC itself was not international enough since, for example, the Latin American countries were not included. He did not know whether one of the possible mechanisms that might be used was the Fund with an international secretariat that could deal with problems objectively.

Mr. Szymczak said this was something we would be able to see more clearly in the days or weeks ahead. The Gutt proposal allowed for days or weeks to go by before it was implemented.

Mr. Southard observed that the Fund and the Bank together constituted a pool of about 500 technical experts. It would not be impossible, particularly if there were any kind of broad support from the countries represented in the Fund for commodity controls and agreements, to mobilize the Fund and Bank to do some of the work suggested by Mr. Blaisdell. It was not unusual for the Fund to do very time consuming jobs for organizations such as the Economic Commission for Latin America or for the Far East. The use of the Fund's resources involved different considerations and was bound by certain requirements.

Mr. Martin⁸ commented that the discussion high-lighted the fact that all of the Council members were sympathetic to the proposed approach 30 days earlier but most of them had some question now and generally speaking thought any approach should be taken very slowly. Mr. Gaston observed that the proposal might be "re-examined".

Mr. Southard said that if he found that anyone wished to discuss the proposal further he would bring the matter back to the Council for further consideration.

[Here follows discussion of another agenda item.]

⁸ Mr. William McChesney Martin, Jr., representative from the Treasury Department and Acting NAC Chairman.

NAC Files

Extract From National Advisory Council Document No. 1081

SECRET

[WASHINGTON,] December 19, 1950.

Subject: Financial Policy Questions Re Foreign Assistance Programs Proposed for Fiscal Year 1952

The National Advisory Council Staff Committee submits the following conclusions and recommendations for the consideration of the Council:

Conclusions and Recommendations

(1) *Gold and Dollar Reserves of Recipient Countries*

(a) U.S. foreign assistance under present conditions should be dictated primarily by considerations of mutual defense. The present policy of not extending grant assistance to European countries for the purpose of increasing gold and dollar reserves should be continued. Where an increase in reserves occurs or where such an increase seems probable the situation will require the most critical examination.

(b) Where in the opinion of the US failure to provide dollar aid would prejudice the defense effort, such aid should not be withheld merely because the US anticipates that one of the effects of such aid would be to increase the reserves of the recipient country.

(c) In general countries participating in the defense effort should not be required to reduce the present level of reserves as a prerequisite for receiving US aid. Where the country is making the maximum contribution to mutual defense an unanticipated accumulation of reserves occurring as a result of the vigorous application of appropriate economic and financial policies should not automatically result in the reduction of aid.

(d) *Underdeveloped Areas.* In view of the amounts currently contemplated for grant assistance to underdeveloped countries, it is

not expected that such assistance is likely to influence appreciably the levels of gold and dollar reserves of the individual recipient countries. Therefore, the programs for these areas would not appear to raise any serious problems relating to reserves at this time.

(2) *Counterpart Policy*

(a) *For End-Use Military Items.* It is recommended that, as in the past, counterpart deposits should not be required by recipient countries for end-use military items given on a grant basis. This policy would also appear appropriate for other areas.

(b) *For General Economic Assistance.* (Alternative Positions)

Alternative A—It is recommended that a mandatory requirement of counterpart funds for economic assistance should be discontinued in fiscal year 1952.

Alternative B—It is recommended that counterpart deposits should be required for all direct grant assistance. It is also recommended that appropriate legislative steps be taken to permit counterpart funds to be used directly for military expenditures where such use would most advantageously facilitate the defense effort.

(c) *For Grant Assistance to Underdeveloped Areas*

1. In view of the diverse nature of the programs and the varying political and economic circumstances in such areas as the Middle East, South Asia, and Southeast Asia, it is recommended that the administering agencies of grant assistance economic programs should have substantial discretion in determining the extent to which counterpart funds may be appropriately required country-by-country and on the terms and conditions under which counterpart may be expended.

2. In general, it is recommended that counterpart deposits for grant assistance be required at least in those cases where the goods supplied are to be sold through private commercial channels either directly or by the recipient government. In some instances a policy of requiring counterpart deposits for the full amounts of goods supplied may be desirable if in fact this policy should be of value as a means of influencing general monetary and economic policies.

3. Generally, it would appear desirable that where counterpart deposits are required the amounts should be commensurate in value to the dollar costs of the goods supplied. It is suggested that commensurate value be determined by the existing official exchange rates. If, in some of the countries substantial inflation takes place and the existing official exchange rates are out of line, it would be necessary to re-examine in individual cases the appropriate basis for calculating commensurate value of the goods supplied.

4. It is suggested that counterpart deposits be made available to meet the United States local costs of administering the programs but that no fixed percentage of proceeds be assigned for such costs nor that

the United States attempt to use such funds for general administrative expenditures of this Government.

3. *Loan-Grant Policy*

(a) *Europe*

For the last two years the Council has recommended that extraordinary assistance to Europe should be on a grant basis. There appears to be no reason for changing this policy during the coming year.

(b) *Underdeveloped Countries*

(1) The basic justification for the magnitude and tempo of the economic assistance programs in Asia, the Middle East and Africa, must rest primarily on political considerations. It is proposed to foster economic development programs in these areas insofar as physical availabilities will permit at a rate faster than the countries might undertake exclusively on a loan basis.

(2) The programs for the fiscal year 1952 are to be regarded as initial steps in a longer-range program whose precise magnitude and form can not be determined at the present time. Moreover, the physical availability of supplies makes it difficult to determine to what extent such programs will be feasible. Under these circumstances it is difficult at this time to arrive at a good judgment as to the appropriate part of any such long-term programs which might be financed on a loan basis.

(3) Where a country is in a position to service a loan and the projects are of the appropriate type, they should be financed by the established lending institutions under their usual terms and conditions. The Executive Branch should not request authority from Congress or appropriations for special categories of loans under this program.

(4) In the 1952 program grants should be made so far as possible for programs which are appropriate for grant financing because of their inherent character, such as technical assistance, STEM, and related projects.

4. *Increase in Export-Import Bank Lending Authority*

The National Advisory Council recommends an increase of \$1.5 billion in the lending authority of the Export-Import Bank as an integral part of the legislative program for foreign financing proposed to be presented by the Administration to the next Congress.

[Here follow 24 pages of detailed exposition and analysis on the four subjects indicated in the recommendations.¹]

¹ At its meeting on December 26 (No. 168) the National Advisory Council took action to approve the Staff Committee's recommendations as set forth here. In the case of (2) Counterpart Policy, the Council chose Alternative B. (Lot 60D137, Box 362)

EFFORTS TO DEVELOP A UNITED STATES POLICY REGARDING THE BALANCE-OF-PAYMENTS PROBLEM ("THE DOLLAR GAP"); THE GORDON GRAY REPORT TO THE PRESIDENT ON FOREIGN ECONOMIC POLICIES

Department of State Committee Files, Lot 122, Box 15559

*Background Memorandum on the Dollar Gap Question, Prepared in the Executive Secretariat*¹

SECRET

Background

The estimated 1949 trade figures of the United States show a gap between imports and exports of \$5.3 billion. The problem of this dollar gap is: As ERP is reduced, and after its termination in 1952, how can Europe and other areas of the world obtain the dollars necessary to pay for the high level of U.S. exports which is essential both to their own basic needs and to the well-being of the U.S. economy? There has been widespread feeling in the Department that the solution of this dollar gap problem will necessitate a comprehensive rather than a piece-meal approach to the many specific commercial and financial policy issues involved in increasing the dollar earnings of other countries. It is believed that to achieve this comprehensiveness, White House direction and coordination are required.

Status

1. Substantive

Last December E and S/P prepared a paper on the dollar gap problem which was considered at the Under Secretary's Meeting on December 12 and was revised and approved by the Secretary shortly thereafter.² There are no further substantive developments to report except that the Department's officials are continuing their efforts to implement a consistent economic foreign policy on many individual battlegrounds (petroleum, European trade liberalization, import

¹ This document is dated February 21, 1950, but is inserted ahead of the two that follow, which are of earlier date, for general background.

² There were two papers originally, the basic one being a study prepared in the Bureau of Economic Affairs (E) and submitted to the Under Secretary's meeting for discussion by Willard L. Thorp, Assistant Secretary of State for Economic Affairs. (S/S Doc. UM D-70, December 8, 1949, Executive Secretariat Files, Lot 53D250; the record of the Under Secretary's meeting on December 12 is found in this same group.)

quotas, etc.). Working-level Departmental officials are now preparing a draft policy paper on the sterling balances which will soon come to the Assistant Secretary level for approval and then go through Secretary Acheson to the National Advisory Council.³

2. *Procedural*

E, A and S/S have jointly prepared a draft Memorandum to the President making recommendations for interdepartmental machinery to manage the dollar gap "campaign." Developments concerning this draft Memorandum are:

a) It was presented to the Secretary late Friday, January 27, and subsequently revised as he suggested.

b) Two supplements were prepared, the first arguing against the use of the NSC, the second against the use of the NAC as the principal over-all coordinating mechanism for the dollar gap program.

c) The Memorandum in its final form was taken to the White House by the Secretary and discussed with the President on February 6.⁴

d) On February 8 Mr. Webb⁵ brought the Memorandum to Secretary Snyder⁶ in Florida and had some preliminary discussions about it.

e) The Memorandum was left with Secretary Snyder and he discussed it with Secretary Acheson on February 14. The matter is still pending.

f) Officials in the Bureau of the Budget and also Admiral Souers⁷ of the White House Staff have been consulted about the recommendations contained in the draft Memorandum to the President. All have expressed agreement in principle.

g) S/S is taking the lead in preparing a series of charts on the specific parts of the dollar gap problem.

h) A, E, P and S/S will produce supplementary memoranda on such corollary subjects as the specific functioning of the proposed interdepartmental machinery, public relations in the dollar gap campaign, and Departmental backstopping machinery.

Difficulties Met or Anticipated

1. *Substantive*

There was originally some difference of opinion between E and S/P on the role of extraordinary foreign assistance in making up that part of the dollar gap which could not be filled by increased

³ The files relating to the Department's effort on this problem during January and February 1950 are for the most part found in Lot 122, Box 15559, which contains the files of the Departmental Dollar Working Group (DDG) (established March 2, 1950).

⁴ But not formally submitted to the President at that time. See memorandum to the President, February 16, *infra*.

⁵ James E. Webb, Under Secretary of State.

⁶ John W. Snyder, Secretary of the Treasury.

⁷ (Rear Adm.) Sidney W. Souers, Executive Secretary, National Security Council.

imports and increased foreign investments.⁸ This difference was discussed with the Secretary and a decision obtained.⁹ Greater substantive difficulties can be anticipated when the Department's program for closing the dollar gap is presented to such government agencies as the Maritime Commission and the Tariff Commission, to say nothing of expected Congressional and pressure-group opposition.

2. Procedural

The Department originally felt that the NSC was a valuable instrument for interdepartmental coordination of the dollar gap program but Mr. Snyder and Mr. Sawyer¹⁰ objected. It is anticipated that Mr. Snyder may still object to our new proposal, i.e., to use new high-level groups, with the help of the White House Staff as the coordinating mechanism, and he may argue for using the NAC as the prime over-all instrument.

Decisions Necessary

Decisions are now required on the part of Secretary Snyder and, presumably, soon thereafter from Secretary Sawyer and the other Cabinet officials (who have not yet seen the Memorandum) as to whether the procedural proposals in the Memorandum are acceptable to them.

Responsibility

For substance: Mr. Thorp

For procedure: Mr. Thorp jointly with Mr. Peurifoy¹¹

Deadline

Hearings on the ECA legislative program are scheduled to begin on February 21. Since the problem of the dollar gap will surely arise in this context, it is considered advisable to have interdepartmental agreement on a dollar gap "campaign" soon after that date.

⁸ This issue was discussed at the Under Secretary's meeting on December 12, 1949. A paper drafted in the Executive Secretariat on December 8, 1949 (Doc. UM D-70/1) had this to say:

"This difference in emphasis perhaps reflects a deeper difference. Implicit in E's approach is the philosophy that vigorous support of conventional economic measures, e.g., reduction of trade barriers, adjustment of exchange rates, and restoration of currency convertibility, will bring about the adjustments needed for sound and self-sustaining economic relationships among the free nations. Implicit in S/P's approach is the view that the U.S. is trying to organize a community of free nations, that this community may be, to some degree, uneconomic, in the sense that natural economic forces would exert a centrifugal force on the political system (e.g., East-West trade), and that unconventional economic measures may be necessary for many years to hold the political system together."

⁹ No paper has been found that deals explicitly with this action.

¹⁰ Charles Sawyer, Secretary of Commerce.

¹¹ John E. Peurifoy, Deputy Under Secretary of State for Administration.

Department of State Committee Files, Lot 122, Box 15559

*Memorandum by the Secretary of State to the President*¹

CONFIDENTIAL

[WASHINGTON,] February 16, 1950.

The problem I should like to submit for your consideration is how to develop an Administration policy and program for adjusting the balance of payments of the United States.

The time is rapidly approaching when the Government and the people of the United States must make critical and far-reaching decisions of policy affecting our economic relationships with the rest of the world.

These decisions have to do with the future course of the foreign trade and financial transactions of the United States. The specific problems involved are economic, but the broad policy decisions as to the directions in which their solution should be sought, and the speed with which we act on these decisions, will affect the political and security interests of the United States throughout the world as well as our domestic prosperity.

It is the understanding of Congress and the people that the European Recovery Program will be brought to a close in 1952. It is expected that unless vigorous steps are taken, the reduction and eventual termination of extraordinary foreign assistance in accordance with present plans will create economic problems at home and abroad of increasing severity. If this is allowed to happen, United States exports, including the key commodities on which our most efficient agricultural and manufacturing industries are heavily dependent, will be sharply reduced, with serious repercussions on our domestic economy. European countries, and friendly areas in the Far East and elsewhere, will be unable to obtain basic necessities which we now supply, to an extent that will threaten their political stability.

We are now exporting about \$16 billions of goods and services. We are importing only \$10 billions of goods and services. Of the difference of about \$6 billions, \$5 billions is being paid for by foreign assistance. In short, about a third of our exports is being financed by grants. At the end of ERP, European production will have been restored and substantial recovery achieved. This will be a tremendous accomplishment. But the problem of payment for American goods

¹ Signed on February 16 by Secretary Acheson and transmitted to the President via the Director of the Bureau of the Budget on February 21. In his memorandum of February 20 to the Budget Director (Pace), the Secretary of State said:

"I attach herewith a memorandum for the President proposing an Administration program for adjusting the balance of payments of the United States.

"I have discussed this memorandum with the Secretary of the Treasury who has indicated his concurrence and with the President who asked that it be submitted to him through you." (Lot 122, Box 15559, "DDG Working Papers", Doc. DDG D-2, March 7, 1950)

and services will remain. The countries of the free world will still require from us a volume of exports which they will not be able to pay for if their exports to the United States remain at present levels. Put in its simplest terms, the problem is this: as ERP is reduced, and after its termination in 1952, how can Europe and other areas of the world obtain the dollars necessary to pay for a high level of United States exports, which is essential both to their own basic needs and to the well-being of the United States economy? This is the problem of the "dollar gap" in world trade.

In answering this problem basic policy decisions will be required with reference to:

- 1) The level of American exports which we regard as vital to our political, economic and security interests.
- 2) The degree to which the United States should be prepared to increase its imports of goods and services.
- 3) The role of foreign assistance.
- 4) The contribution of public and private foreign investment to the foreign trade problem.

The economic strength of the free nations of the world, and the preservation of their hope for economic progress, are among the strongest forces that can be brought to bear against Soviet communist aggression. Our present economic policies are designed in the long run to build this strength and provide this hope. Existing plans are inadequate to meet the needs of the present situation. If nothing else is done, the efforts being made through the United Nations, the North Atlantic Pact, European Recovery Program,² Point Four and the ITO will be jeopardized. The political consequence will be a substantial shift of power from the democratic to the Soviet sphere. This possibility gives real urgency to the problem of the dollar gap.

I suggest, therefore, that the Administration needs soon to affirm that the importance to the United States of a successful economic system among the free nations is so great that the United States is determined to do its full part to achieve it—even if this involves adjustments and sacrifices by particular economic groups in the United States in the interest of the nation as a whole—even if it requires some modification of current domestic policies—and even if it requires more time than was originally contemplated by the Foreign Assistance Act of 1948. The imagination and energy with which the United States develops and carries through a program of action will stem directly from this affirmation and determination.

I believe that the new pattern of our economic relations must be developed before the end of the ERP period. The immediate necessity is the determination of the broad lines of policy, the develop-

² Documentation on these matters is found in the relevant volumes of this series.

ment of a program of specific measures to achieve the purposes set forth in such a policy, and the assignment of responsibility within the government for implementing the program. Simultaneously, the problem, the policy and the program must be explained to the people, and ways must be found to enlist public interest and support.

The problem of the dollar gap requires a far higher degree of co-ordination between our domestic and foreign economic policies than heretofore. It is of such importance and size that I believe the whole machinery of government must be brought into play if we are to achieve success in solving it. Therefore, your personal direction is needed, not only at the initiation of this program, but throughout its development and implementation. In order that such direction should not claim too much of your time, I recommend that you consider using one of your staff assistants to assist you in directing and co-ordinating the Administration program to adjust the balance of payments of the United States.

The staff assistant should be familiar with the techniques—such as those developed in the NSC—by which the President's leadership can be supported both by staff assistance and by a flexible system of consultation with Cabinet Members and other agency heads. Such a person, therefore, assisted as necessary by officers detailed from other agencies, would afford an appropriate instrument for insuring Presidential direction and control without encroaching upon the line relationship of the agency heads to the President, and for insuring integrated and cooperative effort throughout the Executive Branch.

1) I suggest, therefore, that at some convenient time in the near future you devote a Cabinet meeting to this matter and invite the attendance of the staff assistant, designated by you, together with the ECA Administrator, the Chairman of the Council of Economic Advisors and the Director of the Bureau of the Budget.

a) That you present the attached paper³ to them as a statement of the problem and of possible courses of action.

b) That you express your wish to receive coordinated advice on the basic policy decisions involved and your desire to have the heads of the departments and agencies in a cooperative effort develop programs whereby the policies decided may be implemented.

c) That you assume personal leadership of this whole "campaign" to close the dollar gap, and explain to them your reasons for so doing.

d) That you announce you have asked your designated staff official to serve as your principal coordinating assistant for this problem, and that whenever advisable he should recommend to you additional meetings with the appropriate officials, and (on your behalf) make arrangements for such meetings.

³ *Infra.*

2) That you ask the heads of the agencies concerned* to meet with your staff assistant and thereafter to work with his coordinating guidance in order to insure the fulfillment of assignment and the continuance of your leadership, in the formulation of policy recommendations to you. To do this the group should:

a) Isolate the issues and then formulate recommendations for you on the basic substantive policy decisions to be made (principally regarding imports, foreign assistance and foreign investment).

b) Prepare an outline of the specific economic areas within which action needs to be taken to carry out the basic policy decisions (e.g., the fields of tariff policy, agricultural policy, shipping, travel, etc.).

c) Make recommendations concerning the formation of a Public Advisory Committee to advise the President on possible solutions of the "dollar gap" problem.

d) Recommend a program for explaining to the Congress and the American public the substance and the significance of the "dollar gap" problem—a program which would impress upon them the policy alternatives which must be frankly faced.

In order to provide personnel necessary for the staff assistant to perform his functions, the heads of agencies concerned should be prepared to designate high level officials from their organizations as required and requested by the staff assistant.

3) That you ask your staff assistant to recommend to you what agencies should be given primary responsibilities for implementation of parts of the total problem in accordance with the broad policies laid down, and to recommend to those agencies the interdepartmental coordinating machinery most appropriate in each instance. There already exist interdepartmental councils and committees such as the NAC and the Trade Agreements Committee which are immediately available for working effectively on various aspects of the total problem. Consideration is also being given to the establishment in the near future of a specialized Trade and Commodity Policy Committee to coordinate policy with respect to the tariff and to quotas and trade barriers generally. In addition to these instruments, your staff assistant will probably find that *ad hoc* groups, given proper assignments, could most appropriately concentrate on many of the individual problems which will arise.

I believe that the Executive Branch organization described in this memorandum satisfactorily combines flexibility, Presidential direction, and respect for line relationships with the capabilities of an experienced staff assistant who has your confidence and who has the skill required to stimulate and maintain teamwork among the responsible agencies.

DEAN ACHESON

*Those listed in (1) above except the Postmaster General and the Attorney General (who will be consulted as legal questions arise). [Footnote in the source text.]

Department of State Committee Files, Lot 122, Box 15559

*Attachment to the Memorandum to the President of
February 16, 1950¹*

CONFIDENTIAL

[WASHINGTON, February 16, 1950.]

THE PROBLEM OF THE FUTURE BALANCE OF PAYMENTS OF THE
UNITED STATES

1. Two economic facts of international significance have emerged during the post-war period which stand out above all others. One is the tremendous increase of production in the United States. The other is the heavy dependence of the rest of the world on this production. At the same time, the obligations due the United States from other countries have increased, their sources of invisible income have diminished; their resources of gold and foreign exchange have been reduced, and the pre-war pattern of trade has been greatly altered. We have been able to maintain the flow of our products to meet these foreign needs only in part through the normal economic processes of international trade, public and private investment, gold purchases and the like. About one-third of total foreign requirements has been sustained by huge grants of extraordinary foreign assistance, in amounts surpassing the total of our annual exports before the war.

2. Estimates of our international economic transactions in 1949 are as follows:

| | <i>Billions of Dollars</i> |
|---|--------------------------------|
| Recorded U.S. exports of goods and services | \$16.2 |
| Other foreign demands* For dollars | 1.3 |
| Total requiring payment | \$17.5 |
| <i>Means of Financing:</i> | |
| Recorded U.S. imports of goods and services | 9.9 |
| Public and private investments (net) | 1.0 |
| Foreign liquidation of gold and dollar assets | 0.4 |
| Private donations | 0.5 |
| Foreign assistance program | 5.7 |
| Total means of financing | \$17.5 |

¹ The source text was not attached to the memorandum to the President, *supra*. It was attached as an independent document to a Departmental Dollar Group Working Paper of March 8, 1950 (DDG D-2/1).

*This item reflects the fact that recorded exports are undervalued, that recorded imports are overvalued, and that there are certain unrecorded capital movements. Some part of this figure might be included as a negative item under "Means of Financing" but it would not affect the other items, except to reduce the balancing total. [Footnote in the source text.]

3. Our international accounts will always and inevitably reach a balance. This might come about in the future by the drastic reduction of United States exports of goods and services as a consequence of the rapid tapering off of extraordinary financial assistance. This would mean acceptance by this country of a low level of international trade in goods and services, with adverse effects on our domestic and foreign economic policy objectives. Domestic and foreign production would be reduced; American exports and foreign imports would fall and become subject to increasing restrictions designed to safeguard foreign monetary reserves; sources and markets would be governed less and less by competition; standards of living would drop; and employment abroad and at home, especially in export industries, would suffer. The economic condition of the rest of the world is still weak. Such a decline in our foreign trade, which is likely to take place in the absence of corrective action on our part, is large enough to jeopardize our political and security interests in Europe and elsewhere. We therefore must continue to maintain in the United States a high level of production and exports. This is necessary both to support our own economy and to prevent the economies of other countries from being gravely weakened.

4. The degree to which we maintain a high level of exports will depend chiefly on three elements in the balance of payments: (*a*) the extent of assistance which is provided; (*b*) the flow of public and private foreign investment; and (*c*) the volume of imports of goods and services into the United States.

5. The use of extraordinary financial assistance is closely related to the achievement of our political and security objectives. However, it is clear that we ultimately must find ways and means whereby the objectives of maintaining exports can be accomplished on an economic and self-sustaining basis, by means other than extraordinary financial assistance. Such assistance constitutes a burden on the taxpayer and its continuance can only be justified by its close relationship to our economic, political and security objectives abroad. Under present circumstances, to slash such expenditures too sharply would clearly imperil past progress and risk the waste of expenditures already made. Furthermore, it would be unrealistic to assume that all extraordinary foreign assistance can completely disappear within a few years. There will inevitably continue to exist special situations (e.g., Greece, Austria, Korea) whose independent survival may depend upon support from us. In our international dealings, our economic strength is one of our greatest assets, and we should be ready to use it in the form of extraordinary assistance even beyond these few cases whenever it can significantly serve our political and security objectives. Furthermore, assistance programs can also serve to further our economic

objectives if directed toward removing obstacles to, and encouraging the development of, multilateral trade and exchange convertibility.

6. The need for extraordinary assistance will be further lessened if our economic programs are successful in expanding world trade. On the other hand, it is clear that a low level of United States foreign trade and investments would put additional strains upon foreign countries which would be so dangerous to our political and security interests as to necessitate additional foreign assistance programs. Much would depend upon the country distribution of our imports and exports, but in the case of a reduction in trade, those countries which constitute the hard-core of foreign assistance programs would probably need some further assistance, and additional countries would be unable to sustain tolerable levels of economic activity without assistance as well. On the other hand, if United States foreign trade and investments were to rise to substantially new levels, the needs of even the special hard-core cases would undoubtedly be reduced.

7. In addition, if there should be further deterioration of relations with the Soviet bloc, this would probably necessitate larger foreign assistance programs than otherwise. A substantial amount of the contemplated hard-core assistance requirements is attributable in part to the inability of various countries (e.g., Austria, Western Germany, Japan and Korea) to re-establish normal economic trading relationships with areas under Soviet domination. Should the Soviet bloc bring concerted economic pressure upon these and other countries, their trading position with the Soviet bloc would become dangerously weak unless they could look to some alternative source of supply and financing.

8. Public and private investment can scarcely be expected to make up for the probable reduction in extraordinary financial assistance. Private investment cannot be revived to the necessary scale rapidly enough even though substantial progress may be made in removing existing obstacles to investment. Loans from public funds, although they may be expected to continue on a substantial scale, must be related to soundly-conceived projects and kept within the capacity of foreign countries to service. Normally, capital flow tends to increase the element of capital goods in the commodity export total, and is not, therefore, a gross offset against whatever trade deficit may already exist. Nevertheless, because of the priority given to capital goods by many countries, an increase in foreign investment at the present time would contribute substantially to supporting the export level, making possible the release of foreign exchange of the capital importing countries for consumption imports.

9. An increase in United States imports of gold would be undesirable because foreign gold and dollar reserves are at dangerously low

levels, and should be rebuilt through the addition of some portion of the world's new gold production.

10. When all is said and done, it is evident that if exports are to be maintained and there is to be curtailment in extraordinary assistance, the main burden of adjustment in our balance of payments must be accomplished by an increase in our imports of goods and services. If the total level of economic activity of the United States expands during the next few years, this will in itself lead to a considerable expansion of imports. However, full achievement of this import objective will require the pursuit by the United States, and by other countries as well, of a program of concerted measures over a wide range of economic activities. It will, above all, require a change in our traditional attitude towards imports, and a willingness to place the economic interests of the nation as a whole, plus its international political and security interests, above the special interests of particular groups which may have to face increased competition from abroad.

11. It is important that we face the future now. We cannot delay until the end of the ERP period. As grants are diminished, the new pattern will take shape. The immediate necessity is the determination of the broad lines of policy, the development of a program of specific measures to achieve the purposes set forth in such a policy, and the assignment of responsibility within the government for implementing the program. Simultaneously, the problem and the program must be explained to the people, and ways must be found to enlist public interest and support. As one step in this effort, consideration should be given promptly to the establishment of a committee of leading public citizens to prepare recommendations for consideration by the President.

Editorial Note

On March 2, the Departmental Dollar Working Group (DDG) was established in the Department of State under the chairmanship of the Assistant Secretary of State for Economic Affairs (Thorp), to consider and prepare the State Department positions concerning the overall question of adjusting the balance of payments of the United States (or the problem of the "dollar gap"). It was intended further that the group would perform as a "departmental backstop" for Department of State participants in the interdepartmental machinery which it was then (in March) presumed would be set up to accomplish the task set forth in the Secretary of State's memorandum of February 16 to President Truman. The DDG was to have a regular membership of representatives from the economic and geographic offices and the Policy Planning Staff. (Lot 122, Box 15559, Folder "DDG Working Papers," Doc. DDG D-1, March 2, 1950)

On March 31, President Truman designated the Honorable Gordon Gray to be Special Assistant to the President, to undertake the task of advising the President on developing measures to meet the balance-of-payments problem (letter, President Truman to Gordon Gray, March 31, 1950, released at Key West, Florida, April 3). The Department of State understanding of Mr. Gray's mission was described in an informal memorandum as follows:

"Mr. Gordon Gray has been designated Special Assistant to the President to assist the President in mobilizing and coordinating staff work within the various agencies of the Government looking toward a careful analysis of the various factors bearing on the present disparity between exports and imports.

"The President hopes that, out of these studies and a full public discussion of the issues they reveal, there will be developed, along bipartisan principles, the policies and programs which seem most likely to offer solutions to this urgent problem." (Informal Management Staff memorandum of about March 29, Lot 122, Box 15559, "DDG Working Papers")

Department of State Committee Files, Lot 122, Box 15559

*Statement of the History and Work of the Departmental Dollar Gap Working Group (DDG)*¹

[WASHINGTON,] November 20, 1950.

Established: March 2, 1950 by notification memo from E, A and S/S.

Chairman: Assistant Secretary Thorp (E).

Areas Represented: E, ITP, OFD, TRC, TCA, EUR, FE, ARA, NEA, GER, UNA, P, H, R, L, A.²

Terms of Reference: "To consider and prepare State Department positions concerning the over-all question of adjusting the balance of payments of the United States."

Secretariat: S/S-S.

Activity: Held approximately 10 meetings since March 2; now inactive.

Description of Work: The DDG was originally established to backstop State's participants in the interdepartmental machinery which Mr. Gray was expected to set up to work on his "dollar gap" report to the President. Mr. Gray, however, set up no such machinery

¹ This statement was presumably prepared in the Executive Secretariat of the Department of State.

² The last seven offices designated here were not part of the regular membership of the DDG. They received all documentation and notices of meetings and attended meetings where matters of importance to their offices were discussed.

and after several months made up a list of topics on which he requested studies be prepared by the appropriate Executive agencies.³

At first State's studies were sent directly and informally to Mr. Gray. This resulted in inadequate coordination and in July the dormant DDG was specified as the clearance mechanism within the Department for all past and future papers written for Mr. Gray. From July to September the group considered, revised and cleared some fifteen studies on topics in foreign economic policy assigned to State, (subsequently sent to Mr. Gray) as well as a number of studies prepared in other agencies and sent to State by Mr. Gray for departmental comment.⁴

From September to November the group reviewed the three successive versions of Mr. Gray's Report to the President on Foreign Economic Policies and acted as the focal point for receiving and considering departmental comments on those drafts.⁵

Evaluation of Effectiveness: Although at first not used, the Group effectively filled an important need.

Further Staff Action Required: The Gray Report has just been published in its final form; E has suggested that the Working Group be put "on ice" pending further information on what the next steps will be vis-à-vis the Gray Report in the interdepartmental arena.⁶

S/S-S will, after a reasonable period, take steps either to reactivate or terminate the Working Group.⁷

³ Documentation in the DDG files (Lot 122, Box 15559) indicates clearly the concern of the Department of State at these developments, or lack thereof. There was a further problem: The Department's informal but strong feeling was that the Gray group was concerning itself with much more than the dollar gap question.

⁴ These studies were prepared mainly in or under the guidance of the Department of State. The Economic Cooperation Administration (ECA) was the originator of certain of the papers. Whether taken separately or collectively, the papers compiled in this DDG operation constitute a valuable reference source for the whole range of foreign economic policy at this time. For a list of the papers, see editorial note, *infra*.

⁵ The Department of State performed a very active role in this review process. The review documentation is found in the DDG file (Lot 122, Box 15559).

⁶ The Report to the President on Foreign Economic Policies ("the Gordon Gray report") was released to the public on November 10, 1950, with a Statement by the President. The Report consisted of 99 pages of text and a statistical and tabular appendix of 30 pages. (Washington, Government Printing Office, December 1950.)

⁷ The Departmental Dollar Gap Group was dissolved as of December 15, 1950.

Editorial Note

The following studies were prepared by the Department of State Dollar Working Group and are located in Lot 122, Box 15559:

| | |
|----------|------------|
| DDG D-1: | Procedural |
| DDG D-2: | Procedural |

- DDG D-3: Procedural
- DDG D-4/1: The Trade Agreements Act—Its Possibilities and Its Performance (July 17, 1950, rev. Aug. 8, 1950)
- DDG D-5: Public relations
- DDG D-6: Restrictive Trade Practices in relation to the Dollar Gap "Campaign" (March 28, 1950)
- DDG D-7: Maintaining United States Prosperity while Closing the Dollar Gap (April 24, 1950)
- DDG D-8: Memorandum on "Post-ERP Prospects and Aid Programs" (June 19, 1950)
- DDG D-9: Factors in the International Petroleum Situation (July 17, 1950)
- DDG D-9/1: Political and Strategic interests of the United States in the Foreign Oil Production of United States Companies (August 2, 1950)
- DDG D-9/2: Unaccounted for
- DDG D-9/3: The Dollar Sterling Oil Problem (July 28, 1950)
- DDG D-9/4: Participating Countries' Oil Balance of Payments After ERP (August 14, 1950)
- DDG D-9/5: Petroleum Imports and Exports (Dept. of Interior)
- DDG D-10: The UK and the Sterling Area—Summary of Post-War Economic Developments (July 17, 1950)
- DDG D-10/1: Unaccounted for
- DDG D-10/2: Economic and Political Objectives of the U.S. with respect to the Sterling Area (July 31, 1950)
- DDG D-10/3: The Long-Term Economic Outlook for the United Kingdom (July 21, 1950)
- DDG D-11: The Need for Expansion in the Program of Stockpiling by the United States (July 17, 1950)
- DDG D-12: The Effect on Imports of the Manufacturing Clause of the United States Copyright Law (July 18, 1950, rev. Aug. 14)
- DDG D-13: Shipping Policy and Foreign Dollar Earnings (no date)
- DDG D-13/1: Summary of Proposed Department Comments on Dollar Gap Shipping Paper (July 18, 1950)
- DDG D-14: Non-Tariff Barriers to Government Procurement of Imported Commodities (July 19, 1950)
- DDG D-15: Reform of Customs Procedure (August 15, 1950)
- DDG D-16: Unaccounted for
- DDG D-17: U.S. Agricultural Policy under Dollar Gap (July 31, 1950)
- DDG D-17/1: Factors Affecting Imports of Agricultural Products into the United States (August 2, 1950)
- DDG D-18/1: The Desirability of U.S. Direct Investment Abroad (July 28, 1950)
- DDG D-18/2: Foreign Attitudes toward U.S. Private Investment (July 28, 1950)
- DDG D-19: The Restoration of Currency Convertibility (August 7, 1950, revised Aug. 11)
- DDG D-20: Population Pressure in Monsoon Asia, OIR Report #5290 (July 26, 1950)

- DDG D-21: Letter to Gordon Gray from Secretary Brannan (U.S. Agricultural Policy in light of U.S. Foreign Goals) (July 27, 1950)
- DDG D-22: Proposal for an Enlarged European Payments Union (July 21, 1950)
- DDG D-23: Forecasts of United States Direct Investment Capital Movements for Fiscal Year 1953 (August 14, 1950)
- DDG D-24: Canada's International Economic Position and Outlook (August 14, 1950)
- DDG D-25: The Effect of the Korean Hostilities on Japan's International Balance of Payments in U.S. Fiscal Year 1951 (August 17, 1950)
- DDG D-26: Projected 1952-53 Foreign Exchange Availabilities and Import Requirements of Third Areas (August 21, 1950)

THE POINT FOUR PROGRAM¹

A/MS Files,² Lot 54D291, Drawer 21

Memorandum Prepared in the Department of State

[WASHINGTON,] June 20, 1950.

LEGISLATIVE BACKGROUND OF POINT FOUR PROGRAM

SUMMARY

The Point IV Program as outlined in the President's Inaugural speech on January 20, 1949, consists of an endeavor on our part to cooperate with other countries in assisting the efforts of the people of underdeveloped areas to improve their economic conditions. Two methods of cooperation were set forth: (1) sharing technical knowledge and skills and (2) fostering the flow of capital investment.

The basic legislation on this program is contained in Title IV of Public Law 535, 81st Congress, approved June 5, 1950.³ This Title sets forth certain findings and policies of the Congress which coincide with the original proposal of the President and indicate our common interest and concern in the economic and social progress of all peoples. It outlines the conditions considered essential if technical assistance and capital investment are to make their maximum contribution to economic development. It states our intent to assist underdeveloped areas through the two methods proposed by the President and lays down certain policies to guide the activities of financial agencies of the United States Government in order to achieve the maximum effect for economic development.

The Act also authorizes the President to administer a program of bilateral projects and to delegate his authority for carrying out the program to the Secretary of State. It authorizes contributions to the United Nations and to other international organizations for technical cooperation programs "which will contribute to accomplishing the

¹ For previous documentation on this subject, see *Foreign Relations*, 1949, vol. 1, pp. 757 ff.

² Consolidated administrative files of the Department of State for the years 1949-1953, as maintained by the Management Staff of the Bureau of Administration.

³ Public Law 535 was captioned "Foreign Economic Assistance Act of 1950"; 64 Stat. 198. Title IV was entitled "Act for International Development"; 64 Stat. 204.

purposes of the Title as effectively as would participation in comparable programs on a bilateral basis." A total of \$35,000,000 is authorized for the technical assistance program during the next fiscal year including amounts needed to carry on the existing work being done by the Institute for Inter-American Affairs and activities pertaining to economic development now being conducted under Public Law 402 (Smith-Mundt Act).⁴ The full amount authorized has been requested and hearings have been held before the Senate Appropriations Committee. It is anticipated that an appropriation will be included in the omnibus appropriation bill now under consideration in the Senate.

LEGISLATIVE BACKGROUND

1. On July 12, 1949 Judge John Kee, Chairman of the House Foreign Affairs Committee, introduced a Bill, H.R. 5615, to authorize participation in a technical cooperation program as one method of carrying out the Point IV objective outlined by the President in his Inaugural speech.⁵ Shortly thereafter Representative Herter, Republican, introduced a bill emphasizing the role of private capital in the economic development process and authorizing a very limited range of technical assistance activities on a purely bilateral basis by the United States Government. Assistance would have been available only to countries which signed rigid investment treaties with the United States, assuring our investors of favorable treatment in those countries. Hearings were held on both bills during the latter part of the first session of the 81st Congress. The hearings developed an almost unanimous support of the general concept involved in Point IV but considerable differences as to the best method of achieving the objectives. Representatives of a number of business groups, especially the Foreign Trade Council, felt that primary reliance should be placed on the provision of capital and that technical assistance in all but a few fields should be supplied by private investors. Witnesses testifying on behalf of the administration and other groups took the position that the Government itself could usefully undertake a considerable amount of technical assistance and that there were many important fields such as public health, agriculture, education and public administration, where Government agencies were particularly equipped to participate. They emphasized, however, the importance of utilizing

⁴ "United States Information and Educational Act of 1948" (January 27, 1948) ; 62 Stat. 6.

⁵ There is an extensive documentation on the Department of State's preparation of this legislation in the Consolidated Departmental Committee Lot File, Lot 122, Box 33 (15584). An important collection of background information was assembled in a "Preparation Book on Point IV," prepared for the Secretary of State at the time that Congressional hearings were initiated.

private organizations, both profit and non-profit, to the maximum extent possible.⁶

2. The House Foreign Affairs Committee took no action by the end of the first session of Congress. In the intervening period representatives of the Government met with business and philanthropic groups and members of Congress. As a result of these discussions a new bill was developed which had wide acceptance and on January 18, 1950 Judge Kee and Representative Herter introduced identical bills in Congress.⁷ Further hearings were held by the House Foreign Affairs Committee on this "compromise" bill and after some additional modifications the bill was favorably recommended as a part of the Foreign Economic Assistance Act of 1950.⁸ The Bill was passed by the House with two or three minor amendments and one amendment reducing the amount authorized for technical assistance programs in the first year from \$45,000,000 to \$25,000,000.

3. The Bill as finally passed by the House dealt with both technical cooperation and with the problem of fostering capital flow. The principal provisions contained in the Bill are as follows: 1. A finding on the part of the Congress (a) that the United States and other nations have a common interest in the freedom and economic and social progress of all people, (b) that the efforts of people living in economically underdeveloped areas of the world to develop their resources can be furthered through a cooperative endeavor of all nations to exchange technical knowledge and skills and (c) that technical assistance and capital investment can make maximum contribution only where there is mutual confidence and respect for the legitimate interests both of the investor and peoples of the underdeveloped countries. 2. A declaration of policy on the part of the United States to aid the efforts of the people of economically underdeveloped areas to develop their resources through technical assistance and fostering the flow of capital investment "to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth,

⁶ Documentation on this 1949 phase is found in the Department of State central indexed files, series 800.50 TA.

⁷ For the House Hearings both in 1949 and 1950, see 81st Congress, 2d Session, House of Representatives, *Act for international development ("Point IV" program)*, *Hearings, 81st Congress, first and second sessions, on H.R. 5615, H.R. 6026, H.R. 6834, H.R. 6835 and H.R. 7436, before the Committee on Foreign Affairs.*

⁸ In the House phase it was decided to include the Point IV legislation in an omnibus foreign aid bill. There was vigorous discussion both within the Department of State and between the Department and the Economic Cooperation Administration as to the merits or otherwise of such a consolidated economic aid bill. Documentation is found in file series 800.00-TA (1950) and in Lot file 54-D291, Drawer 48. For the House Report, see 81st Cong., 2d sess., *Report and Supplementary Report to accompany H.R. 7797*, House Report No. 1802, Part 4.

increasing productivity and expanding purchasing power". 3. A declaration of policy that financial agencies of the Government in reviewing requests for assistance should take into consideration whether assistance will contribute to a balanced and integrated development of the requesting country, whether facilities projected "are actually needed in view of similar facilities existing in the area" and whether private capital is available to finance the projects. 4. An authorization to the President to make contributions to technical cooperation programs of international agencies "which will contribute to accomplishing the purposes of this Title as effectively as would participation in comparable programs on a bilateral basis." 5. An authorization to the President to participate in bilateral programs providing that (a) the participation of private agencies and persons is sought to the greatest extent practicable, (b) due regard is given to the fact that the country being assisted takes steps "necessary to make effective use of assistance made available, including the encouragement of the flow of productive local and foreign investment capital where needed for development," (c) the country being assisted pays a fair share of the cost of the program, provides necessary information, seeks to the maximum extent possible full coordination and integration of technical cooperation programs, and endeavors to make effective use of the resources and cooperates with other countries in the exchange of technical knowledge and skills. 6. A direction to the President to establish an advisory board "broadly representative of voluntary agencies and other groups interested in the program, including business, labor, agriculture, public health and education." 7. An authorization for the establishment of joint commissions for economic development with countries requesting such commissions, which among other things may examine the country's requirements for technical cooperation, its potential resources and policies which will encourage its development. 8. A requirement that programs be terminated upon concurrent resolution of both Houses of Congress and where the President determines that they no longer contribute effectively to the purposes of the Act, are declared by the General Assembly of the United Nations to be unnecessary or undesirable or are not consistent with the foreign policy of the United States. 9. An authorization to the President to delegate his authority to the Secretary of State or to any other United States official and directs him to appoint, subject to Senate confirmation, an administrator at a salary not exceeding \$15,000 per annum for the program. 10. Authority for making contracts and hiring personnel subject to Federal Bureau of Investigation investigation.

4. Hearings were held before the Senate Foreign Relations Committee commencing March 30, 1950, at which time the Secretary of

State urged favorable action on the Bill.⁹ The Foreign Relations Committee took the position that it was not prepared to deal with the investment aspects of the program and reported unanimously a much simplified Bill giving essentially the same authority as that contained in the House Bill in connection with technical cooperation programs.¹⁰ The bill authorized the full \$45,000,000 requested by the administration, but made no reference to capital investment. After considerable debate this bill passed the Senate by one vote. The opposition to the bill came both from those who apparently did not desire to participate in the technical cooperation program and those who felt that the bill should be expanded to give emphasis to the investment aspects of the program.

5. After a long discussion in conference between the House and Senate on the bill, the Senate conferees accepted the House bill substantially unchanged except that the authorization was raised to \$35,000,000.¹¹ Prior to the Senate's voting on the conference report Senators Millikin and Taft led a group of Republican senators in a vigorous attack on the bill. The bill was defended not only by the administration leadership in the Senate but by other senators including Senators Saltonstall and Smith, Republicans, who were satisfied with the version of the bill which had now been agreed to by the Senate conferees. The bill was passed by the Senate as Title IV of the Foreign Economic Assistance Act of 1950 and was approved by the President on June 5, 1950.

6. Hearings before the Senate Appropriations Committee took place between the 14th and 19th of June and it is contemplated that the appropriation will be added in the Senate as an amendment to the omnibus appropriation bill which the House passed prior to passage of the authorizing legislation.

7. The long period of time between the initial hearings on the program and the final action of Congress which is the result partly of the crowded Congressional calendar and partly of the delays inherent in developing a bill which would have broad acceptance among various interested groups, has resulted in a greater understanding on the part of Members of Congress of the bill and its purposes.

⁹ See 81st Cong., 2d sess., U.S. Senate, *Hearings before the Committee on Foreign Relations on an Act for International Development, March 30, April 3*. For statements by Secretary of State Dean Acheson, Assistant Secretary of State for Economic Affairs Willard Thorp, and Ambassador at Large Philip Jessup, see *ibid.*, pp. 3-39.

¹⁰ For the Senate Report, see 81st Cong., 2d sess., Senate Report No. 1371, *Foreign Economic Assistance, 1950, Report of the Committee on Foreign Relations on S. 3304*.

¹¹ For the Conference Report, see 81st Cong., 2d sess., *Conference Report to accompany H.R. 7797, Foreign economic assistance act of 1950*.

Note added later: Appropriation in omnibus bill passed September 1950. Senate Committee cut to \$10 million and reversed itself. Finally approved at \$34,500,000.¹²

¹² This was the general appropriation act for FY 1951, dated September 6, 1950; 64 Stat. 595.

Editorial Note

A fundamental organizational problem beset the Point IV program from the beginning. Within the Department of State there was uncertainty as to the focus of authority and responsibility, affecting relationships between the "General Manager" and the regional bureaus. Another Washington problem was the question of the appropriate role of the other government agencies participating in the program, the Departments of Agriculture and Commerce, the Public Health Service, etc. Under the original plan, these agencies were actually delegated responsibilities for particular functional segments of the program—agriculture, health education; they were to be allotted funds, to recruit personnel and to send them to the field, to administer projects, and to receive reports. Also at the Washington level was the question of the position of the Institute of Inter-American Affairs (the IIAA), a government corporation which for more than 10 years had successfully administered a technical assistance program in Latin America.

Abroad, there was the problem of field relationships between the diplomatic mission, the technicians, and the administrators. In Latin America there was again the IIAA, already operating a going and successful program. In other areas of the world the organizational problem merged with the problem of the character and scope of the Point IV program. The Point IV program was (according to the enabling statute) "to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment of capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power. . . ." (64 Stat. 198, Title IV, sec. 403(a)) Was this concept to be applied restrictively or broadly? What was its relation to the totality of current national security objectives? More specifically, what was to be the relationship between Point IV programs and other United States foreign economic

aid programs that were primarily an adjunct to the United States defense program? The organization with which relations had to be clarified was the Economic Cooperation Administration (ECA), already supporting Point IV-type projects in the colonial African possessions of the OEEC metropolitan governments and in early 1950 about to undertake economic aid to strengthen the economies of the newly independent and underdeveloped countries of Southeast Asia in support of more immediate defense and political goals rather than long-range economic development (the so-called STEM programs). The upshot was a Department of State-ECA agreement in April 1950 in respect of colonial Africa and another State-ECA understanding in November 1950 with regard to Southeast Asia, delineating a division of responsibilities in those areas as between types of economic aid programs. There is an extensive documentation on these matters in the Department of State's central indexed files (800.00-TA, 820.00-TA, 870.00-TA, 880.00-TA, 890.00-TA, and country files as appropriate) and in Lot Files 122 and 54-D291. Essentially, it may be said that at the end of 1950 Latin America was the only area where there were Point IV programs of significance in being, and these were essentially IIAA programs.

The papers that follow are intended to illustrate aspects of some of the problems just described and do not necessarily appear chronologically.

A/MS Files, Lot 54D291, Drawer 48

*Memorandum by the Chief of the Division of Organization (Gordon)
to the Director of the Office of Management and Budget (Howell)*

[WASHINGTON,] May 31, 1950.

Subject: Management of the Point IV Program

Problems

Now that legislation has been enacted authorizing a Point IV program up to a level of \$35,000,000 for 1951, and congressional appropriation hearings are about to be held, it is essential that organizational plans for the program be firmed up and that there be an agreed-upon State Department position with regard to the role of other U.S. agencies in the administration of the program.

Program planning and development has been underway for about a year in the Department (principally in E) with extensive participation by 8 or 9 other federal agencies through the ACTA.¹ For about

¹ Interdepartmental Advisory Committee on Technical Assistance.

the past nine months the principal participant[s] have assumed that the administrative pattern set forth in the so-called "Management Plan" (Tab A²) developed last summer would be adopted. Recently the IIAA (Glick)³ has come forward informally with an alternative plan which is regarded favorably by both NEA and ARA. The resulting confusion must be eliminated as promptly as possible.

Discussion

1. History and general provisions of the Point IV Management Plan.

About a year ago Mr. Thorp was assigned responsibility within the Department for Point IV program planning. At that time there was a great deal of interest in Point IV throughout the executive branch of the government. Many agencies had begun to think and plan in terms of providing technical assistance abroad in their specialized fields. For this reason and because it seemed foolish not to take advantage of the technical know-how of other agencies, Mr. Thorp thought of the program in terms of a government-wide effort guided by the State Department from the standpoint of its impact upon total foreign policy. He established an Interdepartmental Advisory Committee on Technical Assistance (ACTA) as a means of obtaining interdepartmental participation in program planning.

Last spring it looked as though there might be some possibility of going ahead with a program for fiscal year 1950. A State Department group prepared a paper summarizing a plan of administration. Based upon that paper a budget was prepared and hearings were held at the Budget Bureau in July. Following those hearings a group was established in the Department to prepare a management plan in more detail. Mr. Hanson⁴ was loaned to E to spearhead this group which included representatives from OMB, UNA, E and ARA. The resulting plan was sent to each Assistant Secretary and every suggestion made was either incorporated or a mutual satisfactory solution was arrived at. The plan was then discussed extensively in ACTA meetings and with some changes was approved by that committee.

Although this management plan never was submitted to the Secretary's office for official Department approval, it has been used as a basis for legislative presentation by Mr. Thorp and Mr. Dort⁵ and as a basis for preparation of the 1951 budget. The seven other agencies (ECA, FSA, Treasury, Labor, Interior, Commerce and Agriculture)

² Not printed.

³ Philip M. Glick, Acting President of the Institute of Inter-American Affairs.

⁴ Haldore Hanson, Executive Director, Secretariat, Interdepartmental Committee on Scientific and Cultural Cooperation (SCC).

⁵ Dallas W. Dort, Special Assistant to the Assistant Secretary for Economic Affairs.

which have participated actively in ACTA have assumed with good reason it represents State Department's position.

The approved management plan provides that a general manager within the State Department shall have authority to approve all projects and allocate funds for such projects. It provides that there shall be established a program board (successor to ACTA) which would be advisory to the general manager. Basic responsibility for program planning would be in the State Department and its field missions. However, ideas for projects might originate in other agencies. In all cases, however, program plans would be approved by the Regional Bureau concerned as well as by the general manager.

Once a project is approved the general manager will determine which agency (UNA,⁶ US, or private) is best suited to carry out the project. Funds would then be allocated to such agency which in turn would recruit the necessary technicians, send them to the State Department for training and then to the field. The management plan contemplates that the agency receiving the funds for a project would provide the technical assistance and backstop for its specialists but that in the field they would be under the administrative supervision of the State Department mission (see Tab B—Summary of the Management Plan which is contained in the budget statement⁷).

Periodic reports would be rendered on each project to the general manager through the regional bureau concerned. No changes could be made in a project without the concurrence of the regional bureau and the approval of the general manager.

2. *The IIAA Proposal*

Unquestionably, a straight line operation within the Department of State such as proposed by Mr. Glick is much to be preferred from a management standpoint and probably would result in a more effective program. However, it would not be feasible politically to make such a radical change at this late date—it is doubtful that such a move would have been feasible at any time in view of the developmental history. Glick's paper (Tab C⁷) considerably exaggerates the defects of the management plan. First of all there will be not more than ten rather than 25 agencies actively participating. Secondly, the program board will be advisory only. It will not run the program. Thirdly, it is not correct to say that responsibility for the conduct of the program will be separate from responsibility for program planning. Other agencies will be responsible for technical backstop but this can be

⁶ Refers presumably to multilateral programs for technical assistance under the auspices of the United Nations, which would be a concern of the Department's Bureau of United Nations Affairs (UNA).

⁷ Not printed.

practiced in the narrow sense. Our field missions and the regional bureaus will participate actively in the conduct of the program. Fourth, I do not share the fears about field technicians being answerable to two bosses. The concept of one administrative boss and several technical bosses is as old as big organization. It can work effectively. Fifth, as long as the State Department retains the authority to approve projects and retains control over the purse strings, it should be able to assume responsibility for results.

3. Intradepartmental Organization

As you know there are still rather pointed differences of opinion within the Department concerning the relationships between the general manager's office and regional bureaus. This first came to light in connection with our attempts to obtain clearance on a departmental announcement which established TCD. Previous to that the regional bureaus had in effect cleared the management plan which assumed a highly centralized operation.

OMB recommended the division of functions spelled out in Departmental Announcement #41, February 21, 1950. (Tab D⁸) I believe this same division of functions should continue as between the Point IV Administrator's office and the regional bureaus. For many reasons a highly integrated operation would be desirable especially during the initial stages of the program. Once the complex interagency and interprogram relationships become established a considerable amount of decentralization can take place. Meantime, the regional bureaus will participate to a large extent both in program planning and in continuing supervision of operations. The budget estimates submitted to Congress provide for 24 positions in the regional bureaus as compared with 86 in the general manager's office. It is not contemplated that the general manager will establish any regional groupings within his office. He will utilize regional bureaus to the maximum extent possible. It is likely that both the other agencies and Bureau of the Budget would strongly oppose a large measure of decentralization of authority over the program within the Department during its initial stages.

Conclusions

I think it would be extremely unwise to completely scrap the management plan at this time because we would be renegeing on a great many

⁸ Not attached. This provided for the establishment of an Interim Office for Technical Cooperation and Development (TCD), under the direction of the Assistant Secretary for Economic Affairs. The office was to have "specific action responsibility" for the Point IV program: to develop overall policies, formulate general program plans, coordinate specific program plans developed by the regional bureaus; approving projects, determining action agencies, and allocating funds for U.S. bilateral programs; directing negotiations and relationships with intergovernmental agencies and other U.S. agencies. For text, see Department of State *Bulletin*, March 13, 1950, pp. 422 and 423.

expressed and implied commitments both to other agencies and to the Congress. However, the oral expressions of representatives of some of the other agencies at recent ACTA meetings indicate that they are now thinking in terms of much greater participation than they envisaged in the management plan. I believe there are certain things which we should do to ensure a maximum extent of control over the program.

a. Although we should basically stick to the management plan (allocate money to other agencies to carry out approved projects permitting them to send their own technicians to the field and furnish the technical back stop to make sure that they are under the control of the Chief of the Foreign Service Mission) wherever we find a situation similar to that now existing in Southeast Asia where the foreign political implications are extremely important, we should attempt to stick to a straight line operation. Moreover in all countries where there is to be substantial amount of Point IV activity there should be a chief of field to be employed by the State Department.

b. We should make sure that the Executive Order to be issued clearly gives to the Secretary of State all of the powers and authority vested in the President by the Act.⁹

c. With respect to ARA, consideration should be given to the plan of operation outlined in Mr. Halle's memorandum of February 9, 1950 (Tab E¹⁰). This would make the IIAA (as an integral part of ARA) the operating agency for its region. However the IIAA would look to the other agencies of government for its technicians.¹¹

d. The relationship between the Point IV technicians and the field posts must be clearly spelled out. We should make sure that all communications between the agencies concerned and the technicians in the field flow through the State Department.

e. At an early date ACTA should be abolished and the advisory program board established.

⁹ Substantially, this was the effect of Executive Order 10159, September 8, 1950, 15 *Federal Register* 6103. The executive order also directed the Secretary of State to establish an Interdepartmental Advisory Council on Technical Cooperation, which was to be composed of the heads of participating departments and agencies or their representatives.

¹⁰ This memorandum was not attached to this document but is found in the Department's central indexed files (S20.00-TA/2-950).

¹¹ The documents immediately following are illustrative principally of the IIAA problem.

S20.00-TA/5-1850

Memorandum by Mr. Louis J. Halle, Jr., Special Adviser, Bureau of Inter-American Affairs, to the Deputy Assistant Secretary of State for Inter-American Affairs (Barber)

CONFIDENTIAL

[WASHINGTON,] May 18, 1950.

In accordance with our conversation on the subject, I set forth here certain views on the organization and administration of Point Four technical cooperation in the other American republics.

The present concept of how the technical cooperation program is to operate envisages the division of operational responsibility among some score of agencies in the U.S. Government, the Department exercising supervision over what they do. This concept is the product largely of acquiescence by the Department in the views advanced by the other interested agencies. The general attitude in the Department has been one of hoping that somehow the Department will be able to coordinate all these powerful independent agencies in Washington and that somehow our embassies will be able to coordinate their operations in the field. There has been some criticism that the Department has not thus far exercised the force of leadership necessary to an effective program and this naturally has its counterpart in doubt whether the Department, in such an interdepartmental setup as is contemplated, can exercise such leadership in putting the actual program into operation. The present concept seems to many of us to be a formula for frustration.

Some of us have anticipated that weakness in the Department's handling of Point Four may give rise to a move to centralize the responsibility elsewhere, and consideration would be given in such a context to providing a justification for perpetuating ECA beyond its present two-year lease of life.

There is a possible alternative to the present drift of circumstances. It has been in many minds and now a precedent for it is being established in plans for the administration of Point Four in southeast Asia.¹ That alternative would be to establish a single administering or operating agency for each of the three geographic regions involved (the respective areas of ARA, NEA, and FE). Presumably the Institute of Inter-American Affairs, revamped for the purpose, would be the agency for the Latin American area. It would conduct the actual operations in what are conceived to be the basic fields of economic development: agriculture, public health, elementary and vocational education, and perhaps communications. It would not, however, as is the present case, duplicate the technical staffs of USDA, USPHS, and any other competent regular agencies of the Government. It would, rather, depend entirely on them for the recruiting of technical personnel, for technical inspection of field programs, and for whatever else is embraced by the term "technical backstopping". The respective country programs would not be under the direct daily supervision of the respective embassies. They would, rather, be under the direct daily supervision, in each case, of an IIAA Chief of Field Party, who would in turn have the same sort of ultimate responsibility to the Ambassador that IIAA Chiefs of Party have today. He would have under his supervision all the IIAA programs (in the several fields of the IIAA's oper-

¹ For documentation on economic and technical assistance to Southeast Asia, see vol. VI, pp. 1 ff.

ations) and also special projects in fields outside of the IIAA's scope operated by other agencies of the Government. Thus the Bureau of the Census might directly operate some project for technical assistance in census-taking with Point Four funds allocated by the Department and under the general field supervision of the IIAA Chief.

There is reason to believe that this "chosen instrument" approach² might be acceptable to the other agencies of Government, if it were agreed that they would supply the "technical backstopping", where it is not agreeable to them today under circumstances in which IIAA duplicates to some extent their technical staffs. I am told, for example, that the USDA has indicated informal agreement to the use of ECA as the chosen instrument in southeast Asia on this basis.

From our point of view, of course, a fundamental point is that the IIAA, while a separate agency of the Government from the Department of State, is fully under the control of the Department through its Board of Directors appointed by the Secretary. This is not the case with the ECA.

Underlying this memorandum is one prepared at my request by Philip Glick, Acting President of the IIAA.³ It sets forth in more detail the general scheme and arguments that I have sketched above. I do not agree with it in all its points but consider it a sound and competent basis, subject to revision, for reaching agreement among the bureaus and offices concerned in the Department. It has already been discussed with Mr. Gardiner⁴ of NEA and a copy of it is in his hands.

I should note here that Mr. Glick advocates a single agency within the Department for the entire world, but proposes the alternative of regional agencies in close association and combination with one another.

Passage of the Point Four legislation is now impending momentarily. The next rapid move will be the presentation to the Congress of appropriation requests, and it may be expected that tables of organization and various procedural matters will become gelled in the process. I do not believe it would be useful for us to putter further with the proposals set forth above and in Mr. Glick's memorandum.

² A term then popular in the Department of State, in reference to an existing agency or program, or one to be newly created, which would be the vehicle ("chosen instrument") for the administration of the Point IV program in a given area, as in Latin America (the IIAA) or the Near East (to be established).

³ Not attached. It is quite probably the same as a memorandum attached to the Halle memorandum of February 9 (see footnote 10, p. 856) and entitled "The Institute of Inter-American Affairs and Technical Assistance in Latin America under Point 4" (820.00-TA/2-950).

⁴ Arthur Z. Gardiner, Refugee Adviser, Bureau of Near Eastern, South Asian and African Affairs.

However, a joint move by Mr. Miller,⁵ Mr. McGhee,⁶ and perhaps Mr. Rusk⁷ at the upper levels of the Department should certainly prove effective. I am mindful of the fact that up to the present (or up to the last few days in the case of Mr. Rusk) the geographical Assistant Secretaries have not been given the occasion to develop and bring to bear their own views on how the Point Four program should be setup and run. The Regional Bureaus in the past few months have had more occasion to deal with details than with the overall plan.⁸

LOUIS J. HALLE, JR.

⁵ Edward G. Miller, Jr., Assistant Secretary of State for Inter-American Affairs.

⁶ George C. McGhee, Assistant Secretary of State for Near Eastern, South Asian and African Affairs.

⁷ Dean Rusk, Assistant Secretary of State for Far Eastern Affairs.

⁸ In a memorandum of June 30, 1950, to the Deputy Assistant Secretary for Inter-American Affairs (Barber) and several of the "area" officers of ARA (Messrs. Atwood, Clark, Mann, and Shillock), the Director of the Office of Regional American Affairs (White) commented in part:

"In my judgment, a number of suggestions made in the memorandum, particularly those relating to the consolidation of all operating functions of Point Four in Latin America under the IIAA, are excellent ones and conform to the 'chosen instrument' approach which Mr. Miller and I had previously discussed with Mr. Iverson. It seems to me, however, that there are other considerations in this memorandum which require close consideration:

Firstly, it appears to mark a complete abandonment of our earlier concept that the Embassies would have the primary role in programming technical assistance and in the responsibility for economic development surveys.

Secondly, it is not clear from the memorandum that ARA would have any definite responsibility at the Washington end in these same matters.

Finally, I am somewhat disturbed about the discussions on Pages 9 and 10 of the memorandum concerning the relationship of the Chief of Field Party to the Ambassador. It does not seem to me the arrangement outlined conforms to the recommendation of the Rio Conference of Ambassadors which said:

'Operations of all U.S. Government agencies affecting the economy of a given Latin American country should be directed towards the execution of a single comprehensive program for the development of which the U.S. diplomatic mission in the field should bear the primary responsibility.' (820.00-TA/6-3050)

Kenneth R. Iverson was the newly appointed President of the Inter-American Institute (the IIAA).

820.00-TA/6-1250

Memorandum by Mr. William Tapley Bennett, Jr., of the Office of Middle American Affairs to the Deputy Assistant Secretary of State for Inter-American Affairs (Barber)

CONFIDENTIAL

[WASHINGTON,] June 12, 1950.

Mr. Miller, Ambassador Waynick,¹ Mr. Mann and I lunched together on June 7. Ambassador Waynick took occasion to point out

¹ Capus M. Waynick was Special Assistant to the Under Secretary of State, in charge of TCD (from May 17). He was later Acting Administrator of the Technical Cooperation Administration (TCA).

the tentative allocation of funds on Point IV operations. He explained that the proposed division of funds had been drawn up prior to his arrival in Washington and were based on the possibility of final approval by the Congress of an appropriation of \$30,000,000 for the program. He mentioned the following allotments which will be used in whole or in part in Latin America: \$5.5 million for "going IIAA programs"; \$3.7 million for SCC programs and \$2 million for Latin America from general Point IV funds. There are also contemplated United States contributions of \$10 million to the United Nations and \$750,000 to one million to the Organization of American States for their respective aid programs.

Ambassador Waynick indicated that he had been somewhat surprised at the amounts proposed for allocation to Latin America. He said that he is aware from personal experience that the other American republics for the most part have great aspirations with respect to Point IV and that they have tended to look at it as an aid program which would take into account their needs in somewhat the same way that ECA and other large United States programs have aided Europe. He said that he is convinced that there will be strong disillusionment in Latin American if no more Point IV money is spent there than is now proposed.

He continued that, speaking frankly, he has found a disposition on the part of some of the other geographic areas in the Department to use Point IV money for emergency programs to aid in thwarting the communist advance, as in southeast Asia. The Ambassador expressed the view that Point IV is "entirely too small a finger to put in that dike." He conceives of Point IV rather as a long-term program with as much an educational aspect as anything else. He considers that it must be nurtured slowly and handled with great care if it is to fulfill its high purposes.

The Ambassador went on to say that, again speaking frankly, it has become apparent to him that many of the people planning Point IV operations are impressed primarily with the needs of the Middle and Far East as compared with those of Latin America. He said that the proposed fund allocations would be circulated in the near future to the geographic offices for study and comment, and he suggested that ARA have no hesitation in speaking out strongly concerning the needs of the area. There was discussion on this point, and Mr. Miller assured the Ambassador that ARA's views would be made known without equivocation.

There was considerable discussion of the need for centralization of operations under a new and expanded aid program. Mr. Miller mentioned some of the current difficulties and duplication, both in Washington and in the field, which arise from having numerous agencies

carrying on programs of technical assistance, each with district headquarters, field personnel and program goals. Mr. Miller mentioned his preference, with respect to the ARA area, of an expansion of the IIAA to an agency which would have representation on its Board of Directors from all interested agencies such as Agriculture, Treasury, SCC, and the like and which would provide one coordinated headquarters for all programs of technical assistance. There was general agreement that, provided the establishment of such an office could be sold to the other agencies, it would certainly save money and would eliminate much wasteful duplication. Ambassador Waynick indicated that he would give the matter his sympathetic consideration.

800.00-TA/9-2850

*Memorandum of Understanding Between the Department of State
and the Economic Cooperation Administration*¹

[WASHINGTON,] April 11, 1950.

STATEMENT ON POINT IV-ECA RELATIONS CONCERNING BILATERAL
TECHNICAL ASSISTANCE DURING FISCAL YEAR 1951

Since neither ECA nor Point IV has negotiated technical assistance agreements with other governments covering the fiscal year 1951, the following understanding between the two programs represents general guide-lines and a procedure for cooperation:

In Western Europe, Greece, Korea: No bilateral Point IV activities are projected.

In Turkey: Point IV bilateral programs could appropriately supplement ECA in fields which condition economic development, especially in health, education, and training programs generally.

In Dependent Overseas Territories:

1. The fields in which ECA generally operates are: agriculture, forestry, fisheries, mining, industry, power, transport, communications, water resources, and similar fields.

2. Point IV bilateral programs could appropriately supplement ECA in fields which condition economic development, especially in health, education, and training programs generally.

Procedure for Cooperation: In order to assure maximum efficiency of operation and to avoid duplication of effort, ECA and the Department of State will arrange a full exchange of information on their respective technical assistance plans and activities, and arrange appropriate consultation. To this end, it is agreed:

¹ This document and the one immediately following deal with Point IV-ECA relationships.

1. ECA and the Department of State will not duplicate any activities in any country or territory.

2. ECA will not undertake a technical assistance project unless funds for the completion of the actual project, or some definite or measurable part of it, as distinct from its results and effects, can be obligated by ECA.

3. ECA will discuss with the Department of State in advance any technical assistance project which is likely to require additional United States contributions from non-ECA sources after 1952.

4. Prior to 1952, in view of the fact that ECA has already established machinery for the operation of technical assistance projects in Turkey and dependent territories of ECA countries, the Department of State will discuss with ECA in advance any proposed project in Turkey or such territories to make certain that ECA does not intend to undertake that project.

5. For the present, negotiations with metropolitan governments concerning Point IV technical assistance in dependent territories will be made through the Paris office of ECA, with consultation and participation of the Department of State.

Note: The foregoing arrangements between Point IV and ECA do not cover multilateral technical assistance activities for which Point IV funds may be contributed. As now foreseen, multilateral activities in the ECA area of interest would be limited to those of the UN expanded program and possibly of the Caribbean Commission and the South Pacific Commission. The Department of State will arrange appropriate exchange of information and consultation with ECA on these activities.

This entire statement will be reconsidered at the end of fiscal year 1951, or sooner if circumstances require.

890.00-TA/5-S50

Memorandum by Miss Eleanor E. Dennison of the Office of United Nations Economic and Social Affairs to the Director of the Office (Kotschnig)

[WASHINGTON,] May 8, 1950.

Subject: Comments on Proposal to have ECA operate Point Four Bilateral Programs in South East Asia

1. Mr. Rusk's conversations with ECA contemplate turning over Point Four funds to ECA to operate (Richard Brown).¹

a. Planning would presumably be done jointly.

b. Projects would have to be approved by State.

¹ Richard R. Brown, Executive Director in the Office of the Assistant Secretary of State for Economic Affairs.

2. Chiefs of Mission (ECA) would report directly to ECA Administrator.

a. Missions would be expected to coordinate with Embassy but would not be responsible to it.

b. It is not clear why ECA should extend this pattern to South East Asia where the program is relatively small compared to its European operations.

3. Coordinating Committee in Washington to include:

State, Chr.
ECA
Defense

a. This leaves out all other civilian agencies.

The authorizing legislation leaves to the President the decision as to where the responsibility shall be lodged, and how it shall be operated.

1. It has been assumed that the President will place the responsibility in State for planning, control, and general supervision, and that the Federal Agencies will do the operating.

2. Presumably State could designate ECA in those areas in which ECA is authorized to operate.

3. It is believed that such a decision will cause trouble with the other agencies, since ECA operates directly and not through the agencies. The importance of this should not be overlooked.

4. ECA operations are identified with the cold war, and if ECA operates part of the Point Four program, the latter will certainly tend to lose its identity in the minds of the receiving countries. Mr. Hayes² reports that countries have been sold on the Point Four program as a program for the people, and that this is a psychological factor of significance.

5. Technical assistance under Point Four has a very broad base which includes health, social welfare and education, and an emphasis which differs from other foreign aid programs. Both this broad base and this emphasis will be difficult to maintain when technical assistance becomes merged with the ECA program in which the straight technical assistance method of operation will have a low priority. In this connection it is essential to know whether it is contemplated that ECA will continue to be the operating agency for foreign aid programs in areas other than Europe at the close of ERP in 1952.

² Samuel P. Hayes, Jr., Special Assistant to the Assistant Secretary for Economic Affairs. Hayes was a member of the Griffin Mission.

6. Since the ECA Chiefs of Mission will be independent of the U.S. Embassies in two countries under consideration, coordination with UN field missions will probably be handled directly between ECA mission chiefs and UN mission chiefs rather than through the Embassy. Coordination at this end might still be carried on through the Department, but with a different pattern of operation in the field for this area, and with the ECA Chief of Mission reporting directly to the ECA Administrator it would not be easy for the Department to maintain its role as coordinator with UN for this area.³

[Here follows discussion of "legislative considerations" relevant in light of the overlapping Point IV-ECA operations just described and the then-pending Congressional passage of the consolidated foreign economic assistance act.]

³ A threatened impasse in Southeast Asia resulting from duplication under the STEM programs and Point IV was resolved by a State-ECA understanding on November 16, 1950. The newly established Technical Cooperation Administration was to be responsible for projects in the field of education and various governmental services not directly included in the economic programs of STEM. The latter were to encompass all defense-related economic assistance; for documentation related to these matters, see vol. VI, pp. 1 ff.

820.00-TA/9-850: Circular telegram

*The Secretary of State to Diplomatic and Consular Offices in the
American Republics*

RESTRICTED

WASHINGTON, September 8, 1950—6 a. m.

Presidents sig of \$345 million appropriation for Pt Four technical coop FY 1951 and of Exec order delegating auth to Secstate for admin of program enables Dept proceed with bilateral technical coop programs with interested govts and you may so indicate in any conversations with officials fon govt.

Programs will be developed by Emb in consultation with fon govt and will be subj to review and approval by Dept.

FYI Dept undertaking to assemble your and recipient govts previous project recommendations or requests and those of Dept and other agencies. This material will be sent you during week beginning Sept 18 under instr auth you open conversations with Govt purpose drawing up integrated program and determining priorities among projects. Necessary deductions from foregoing figure for UN, IA-Ecosoc, and existing IIAA and SCC programs will leave only limited amt available for new or expanded bilateral programs. You will be advised in instr of amts earmarked for your country.

ACHESON

880.00-TA/8-1250 : Circular telegram

*The Acting Secretary of State to Certain Diplomatic and Consular Offices*¹

CONFIDENTIAL

WASHINGTON, September 12, 1950—7 a. m.

Pres sig 34.5 million appropriations for overall Pt IV program FY 51 enables you now to inform govt to which accredited that you prepared receive its proposals for US bilateral technical aid projects and give all possible assistance preparing them for transmission Dept in sufficient detail permit prelim appraisal here. For ur guidance Dept considering fol tentative working estimate (target figures) for FY 51 funds for each SOA country: India \$1.2 million; Pak \$600 thousand; Ceylon \$100 thousand; Afghan \$50 thousand; and Nepal \$50 thousand.

In ur discretion you may mention to local govt approx amt available for country to which accredited without re to tentative figures for any other countries. In discussions with local govt dept prefers you translate amt available in terms of services to be supplied counting approx annual cost one US expert at \$15 thousand and one SOA trainee to US at \$4 thousand. Indicate that small amts machinery, equipment, publications can be made available only in connection with demonstrations or training projects and that local govts, as hitherto, are expected bear certain local costs payable in their currencies. Emphasize that real significance any program is not dollar amt but promise of contributing to econ development, stimulating both domestic and fon investment and furthering objectives Pt IV statute.

For planning purposes Dept wld appreciate Embs views re priorities of projects in light local conditions. You are authorized open conversations with local govt, forward project proposals expeditiously with indication ur judgment (as well as that of local govt) re priorities, and inform local govt that some form of public agreement or informal exchange of notes will be necessary before actual initiation Pt IV program.

Individual projects comprising proposed program shld be listed or at least grouped in accordance priority, but program shld be comprehensive even if clearly exceeding dimensions above indicated. This wld not preclude prompt Dept consideration individual high priority projects (1) urgently desired by local govt and (2) strongly supported by US mission if such projects are closely related to country's own development program (as in case of projects already begun or proposed). Dept suggests you welcome initial proposals with aggregate estimate cost double the above tentative working estimates be-

¹ Sent to the Embassies at New Delhi, Karachi, Colombo; repeated to Kabul.

cause (1) such info needed to shape requirements for next FY and (2) possibility that funds lapsing this year (owing to delays in recruitments and appts) will permit actual allocation somewhat larger than present provisional planning figure. Dept will of course approve projects only up to amt of funds clearly available at any given time.

As more time will be needed to obtain US experts than to select local trainees, you might over-program more heavily in respect to experts. Trainee grants may be committed in full before close of FY for subsequent disbursement through two more FYs. Pt IV law requires all US experts have FBI clearance which usually takes three months.

Dept wishes publicity originated by Embs to be restrained, in conformity with modest amts available, and hopes Emb will be able guide local govt publicity so as not to arouse unduly high expectations.

Further instrs re (1) relationship between UN technical aid and US bilateral programs (2) form of bilateral agreement with local govt (3) possible estab joint comms (4) ur previous recommendations together with those of Dept and other agencies, and (5) other matters will follow, but steps outlined here shld be taken immed in Embs discretion.

Inform if additional copies PL 535 (Pt IV enabling legis) needed by Emb.²

This cable sent Kabul for info only as it is not desired that Afghan Govt be approached until Emb clarifies status and effectiveness present UN mission.

Replies this cable shld be pouched other addressees.

WEBB

² Substantially the same message was sent to the Embassies at Cairo, Jidda, Baghdad, and Tel Aviv and to the Legations at Beirut, Damascus, and Amman, with variations to make provision for allotments in Point IV monies for the countries concerned as follows: "Egypt, \$250,000; Iraq, \$200,000; Saudi Arabia, \$150,000; Syria, \$150,000; Lebanon, \$100,000; Yemen, \$50,000; and Jordan, \$50,000." (circular telegram, September 12, 1950, 9 a. m., 880.TA/9-1250) This text also pointed out that allotment to these countries under the United Nations technical assistance program "because of large US contribution, may be double that of US bilateral program. US Pt IV law emphasizes that a country should use UN aid wherever feasible." Also, the Department indicated that in respect of the Arab States the United States was interested in the possibility of using bilateral funds for coordinated projects under the auspices of the Arab League.

800.00-TA/9-1250: Circular telegram

*The Acting Secretary of State to the Embassy in the United Kingdom*¹

CONFIDENTIAL

WASHINGTON, September 12, 1950—8 p. m.

1347. Pres sig of \$34,500,000 appropriation for Pt IV technical coop program for FY 51 enables you now inform Govt to which you

¹ Sent also to the Embassies at Paris (1278), Brussels (331), Lisbon (86), Rome (1042), and the Diplomatic Mission at Tangier (70).

are accredited you prepared receive proposals for bilateral technical coop projects for DOT's in Af[rica] and give all possible assistance in preparing them for transmission to Dept in sufficient detail for appraisal.

Tentative working estimate of allocation for remainder FY 51 for DOT's in Af follows: Brit Cols—\$100,000; Fr Cols—\$100,000; Belg Cols—\$75,000; Port Cols—\$75,000; Somalia—\$50,000; and Tangier—\$50,000. Division these sums as between DOT's left discretion govts concerned subj Dept's screening projects submitted on basis eligibility and relative merit. In discussions with govt you may translate this into terms of services to be supplied, counting annual cost one Amer expert at \$15,000 and Af trainee to US at \$4,000 and one Af trainee to Amer or natl colleges in NEA at \$2,000. Indicate that modest amounts of machinery and equipment can be made available only in connection with demonstration or training projects. Local govt is expected to bear certain local costs that may be paid in local currency. Emphasize that real measure of significance of any project is its promise of encouraging econ development, stimulating investment and furthering other objectives of Pt IV statute rather than dollar allocation, and that if program succeeds future appropriations may be on larger scale.

Project proposals shld be forwarded with indication of your judgment as well as that of govt as to priorities. Dept inclined to emphasize trainee programs first year, including sending of local trainees either to US or to appropriate colleges in NEA and Metropolitan country and supplying of Amer experts to assist local trainee programs, but is equally desirous plan technical projects of merit to justify expanded program future years.

Individual projects comprising proposed program shld be listed or at least grouped in accordance with priority, but program shld be comprehensive, even if clearly exceeding dimensions above indicated. This wld not preclude prompt consideration individual high priority TA projects urgently desired by govt and strongly supported by US Mission if such projects are closely related to country's own development program. Dept suggests you welcome proposals totaling in cost as much as 200 percent of tentative figure because such info needed for advance planning requirements next FY and because possible delay in requests from some countries and delays in recruitment and appointment this FY will permit actual allocations for other countries larger than specified working estimates. Dept will, of course, approve projects only up to amount of funds clearly available at given time. Since more time will be needed to obtain Amer experts than to select local trainees, you might over-program more heavily in respect of experts than trainees. Trainee grants may be committed in full before close FY for subsequent disbursement

through two more fiscal years. Pt IV law requires that all Amer experts have FBI clearance which usually takes about three months.

Foregoing represents basic instrs for initiating Pt IV program. In case of DOT's, however, Dept realizes successful development TA programs in them requires complete understanding and coop of metropolitan country and Mission shld use best judgment in proceeding along lines indicated in order to avoid misunderstanding. Extensive development programs in process and planned for DOT's by metropolitan country either in connection with or exclusive of ECA assistance presents substantial coordination problem. Pt IV law requires country requests be coordinated with all other development programs. Dept realizes tentative working estimate is small but total Pt IV appropriation is small and relates to nr of countries not receiving any other TA whereas DOT's are receiving substantial ECA aid for TA and other purposes.

Further instrs re (1) relationship between UN technical assistance and US Pt IV programs, (2) relationship between ECA and US Pt IV programs, (3) formal bilateral agreement with local govt, (4) possible establishment of joint commission, (5) your previous project recommendations, those of Dept and other agencies, and (6) other matters will follow, but steps outlined here shld be taken immed.

Inform if additional copies of PL 535 (Pt IV enabling legis) are needed your Mission.

Arrangements under discussion with ECA to assure coordination US programs in DOT's. Pt IV officers may if necessary be assigned to DOT's to facilitate area coordination, and all Mission recommendations and Dept decisions concerning Pt IV policies and operations in Af DOT's shld be repeated to other Missions, incl London, Paris, Brussels, Lisbon and Rome.

McGhee and Bourgerie ² arriving London Sep 15 and plan to discuss TA with you and appropriate officials Brit Govt before proceeding Paris for discussions incl Pt IV and then to Tangier for regional conference. Urinfo tentative working estimates Libya \$175,000, Eritrea \$50,000.

WEBB

² Elmer H. Bourgerie, Director, Office of African Affairs.

Editorial Note

In a series of circular telegraphic instructions in mid-September, the Department of State established the basis for initiating formal discussions with governments interested in and qualified for receiving technical assistance under the Point IV program (actually informal

discussion had gone on for over a year, since President Truman's inaugural address on January 20, 1949).

Somewhat later (November 21), the Department communicated to the Missions the draft of an instrument which had been formulated for the conclusion of agreements of technical assistance cooperation between this Government and other governments on a bilateral basis; earlier (October 10) the Department had transmitted to the Missions a statement regarding the negotiating principles underlying the draft.

Following is the documentation described herein.

800.00-TA/10-1050 : Circular telegram

*The Secretary of State to Certain Diplomatic Missions*¹

CONFIDENTIAL

WASHINGTON, October 10, 1950—7 p. m.

30. Fol info may assist you in current Point IV negots. Dept prepared formalize arrangements under Act for Internatl Development by:

1. A formal agreement.
2. An exchange of notes.
3. Memo of understanding signed by FonOff and Amb.

These methods listed in order Dept's preference.

To enable determinations required by Section 407(c) of Act, undertaking by other countries must incl:

1. Assumption fair share of cost projects.
2. Cooperation on info and publicity.
3. Maximum effort coordination of all technical assistance programs within country.
4. Endeavor make effective use of program.
5. Cooperation with other countries in technical coop program. (This requirement may be satis by finding that coop of this nature exists based on agreements already made by country in connection UN agreements heretofore subscribed to.)

The undertaking with the fon country must also incl termination clause at the option of either country, say on 3 months' notice, and must clearly limit US obligations to funds available as indicated from time to time by Dept.

A gen agreement incl foregoing pts, to which ref cld be made at the time specific projects are undertaken under Point IV, might simplify procedures hereafter. However, suhc an agreement is not necessary if

¹ This telegram was sent to the Embassies in Addis Ababa, London, Paris, Brussels, Lisbon, Rome, New Delhi, Karachi, Colombo, Kabul, Cairo, Jidda, Baghdad, and Tel Aviv and to the Legations in Beirut, Damascus, Amman, and Tangier.

specific project agreements incl satis language covering the minima set forth above. You may proceed negot accordingly subj Dept approval.

A draft agreement is under preparation.² It will be mailed shortly, but unnecessary await receipt before negots accordance foregoing.

Urge ur proposals represent double minimum amts allotted pursuant Depcirtel Sep 12 in view late start current year and unlikelihood all countries will submit programs justifying entire allocation available for bilateral program.

ACHESON

² For text, see enclosure to circular instruction, November 21, p. 871.

820.00-TA/11-2150

*The Secretary of State to Diplomatic Missions in the American Republics*¹

RESTRICTED

WASHINGTON, November 21, 1950.

NEGOTIATION OF A GENERAL POINT FOUR AGREEMENT

The Secretary of State transmits herewith a draft of a General Agreement for Technical Cooperation between the United States and countries in which Point Four programs are current or are proposed. Such an instrument would represent the basic agreement of the two governments to engage in a general program of technical cooperation for economic development and would take the form of a formal agreement to be signed between chiefs of diplomatic missions and the Foreign Minister, rather than of a simple exchange of notes. The Department considers that the existence of a general agreement to cover Point Four operations in the host country would offer a number of advantages to both countries.

The agreement would afford a framework into which specific projects and programs can be placed with a minimum of further negotiations and formality. The several determinations required by section 407(c) of P.L. 535, for example, could be made in respect of the country in question mainly if not entirely on the basis of the undertakings in the agreement, thereby eliminating or greatly reducing the need for reconsideration of this problem whenever an individual project is contemplated. Similarly, problems common to all projects and programs such as taxation of United States personnel and immunity of funds, materials, and equipment introduced into the host country by the United States are comprehensively covered. As

¹ Sent to the Embassies in Guatemala and Argentina for information only.

a result, the arrangements for particular projects and programs, whether by supplemental agreement, exchange of notes, memoranda of understanding, or otherwise, could be made with undivided concentration on the issues and details with which they are involved.

The filing of such an agreement with the Secretariat of the United Nations would meet the registration requirements of section 406 of P.L. 535.

The Department believes that a general agreement of this kind is highly desirable at the beginning of a technical cooperation program envisaged by the Act for International Development unless, in the judgment of the chief of the diplomatic mission, negotiation of such an agreement would entail substantial political difficulties or unless there are other impelling reasons to the contrary. Accordingly, if he encounters no preclusive obstacles of this nature, the chief of mission is authorized to proceed with the negotiation of the general agreement as soon as conversations with the host government have proceeded to the point where it is clear that technical cooperation will be requested. Where the chief of mission concludes that circumstances require projects to be undertaken without prior execution of a general agreement or that changes must be made in the general agreement to make it acceptable to the host government, recommendations to this effect should be submitted to the Department for special consideration.

[Enclosure]

POINT FOUR GENERAL AGREEMENT FOR TECHNICAL COOPERATION
BETWEEN _____ AND THE UNITED STATES OF AMERICA

The Government of the United States of America and the Government of _____.

Have agreed as follows:

ARTICLE I

Assistance and Cooperation

1. The Government of the United States of America and the Government of _____ undertake to cooperate with each other in the interchange of technical knowledge and skills and in related activities designed to contribute to the balanced and integrated development of the economic resources and productive capacities of _____. Particular technical cooperation programs and projects will be carried out pursuant to the provisions of such separate written agreements or understandings as may later be reached by the duly designated representatives of _____ and the Technical Cooperation Administration of the United States of America, or by other persons, agencies, or organizations designated by the governments.

2. The Government of _____ through its duly designated representatives in cooperation with representatives of the Technical Cooperation Administration, or other duly designated representatives of the United States of America, and representatives of appropriate international organizations will endeavor to coordinate and integrate all technical cooperation programs being carried on in _____.

3. The Government of _____ will cooperate in the mutual exchange of technical knowledge and skills with other countries participating in technical cooperation programs associated with that carried on under this Agreement.

4. The Government of _____ will endeavor to make effective use of the results of technical projects carried on in _____ in cooperation with the United States of America.

5. The two governments will, upon the request of either of them, consult with regard to any matter relating to the application of this Agreement to project agreements heretofore or hereafter concluded between them, or to operations or arrangements carried out pursuant to such agreements.

ARTICLE II

Information and Publicity

1. The Government of _____ will communicate to the Government of the United States of America in a form and at intervals to be mutually agreed upon:

a. Information concerning projects, programs, measures and operations carried on under this Agreement including a statement of the use of funds, materials, equipment, and services provided thereunder;

b. Information regarding technical assistance which has been or is being requested of other countries or of international organizations.

2. Not less frequently than once a year, the Governments of _____ and of the United States of America will make public in their respective countries periodic reports on the technical cooperation programs carried on pursuant to this Agreement. Such reports shall include information as to the use of funds, materials, equipment and services.

3. The Governments of the United States of America and _____ will endeavor to give full publicity to the objectives and progress of the technical cooperation program carried on under this Agreement.

ARTICLE III

Program and Project Agreements

1. The program and project agreements referred to in Article I, Paragraph 1 above will include provisions relating to policies, ad-

ministrative procedures, the disbursement of and accounting for funds, the contribution of each party to the cost of the program or project, and the furnishing of detailed information of the character set forth in Article II, Paragraph 1 above.

2. Any funds, materials and equipment introduced into _____ by the Government of the United States of America pursuant to such program and project agreements shall be exempt from taxes, service charges, investment or deposit requirements, and currency controls.

3. The Government of _____ agrees to bear a fair share of the cost of technical cooperation programs and projects.

ARTICLE IV

Personnel

All employees of the Government of the United States of America assigned to duties in _____ in connection with cooperative technical assistance programs and projects and accompanying members of their families shall be exempt from all _____ income taxes and social security taxes with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States of America, and from property taxes on personal property intended for their own use. Such employees and accompanying members of their families shall receive the same treatment with respect to the payment of customs and import duties on personal effects, equipment and supplies imported into _____ for their own use, as is accorded by the Government of _____ to diplomatic personnel of the United States Embassy in _____.

ARTICLE V

Entry into Force, Amendment, Duration

1. This Agreement shall enter into force on the day on which it is signed. It shall remain in force until three months after either government shall have given notice in writing to the other of intention to terminate the Agreement.

2. If, during the life of this Agreement, either government should consider that there should be an amendment thereof, it shall so notify the other government in writing and the two governments will thereupon consult with a view to agreeing upon the amendment.

3. Subsidiary project and other agreements and arrangements which may be concluded may remain in force beyond any termination of this Agreement, in accordance with such arrangements as the two governments may make.

4. This Agreement is complementary to and does not supersede existing agreements between the two governments except insofar as other agreements are inconsistent herewith.

Editorial Note

Ceylon was the first government to conclude a standard general agreement for technical cooperation with the United States under the Point IV program, on November 7. The agreement was signed at Colombo by United States Ambassador Joseph C. Satterthwaite and Sir Kanthiah Vaithianathan, Permanent Secretary of the Ceylonese Ministry of External Affairs. For text of the State Department statement, see Department of State *Bulletin*, December 18, 1950, pages 975-977. During October-December announcement was made of specific project planning with Iran, Libya, and Paraguay, under Point IV auspices (see *ibid.*, October 30, 1950, page 703, and December 18, 1950, page 974). The Iranian arrangement (October 19) was stated to be "the first comprehensive technical cooperation project under the new Point 4 Program—an integrated health, agriculture, and education project for improving living conditions in rural villages in Iran . . .". The understanding with Paraguay (December 2) involved the establishment of the first Joint Commission for Economic Development under the Point IV program. The Libyan announcement (November 24), made simultaneously in Washington and at the United States consulate general at Tripoli, was of interest by virtue of the fact that that nation's independence had not yet been completely effected. In the last days of the year, general assistance agreements of the type printed above were concluded with Nicaragua (December 23), Paraguay (December 29), and Panama (December 30); for texts, see *United States Treaties and Other International Agreements* (UST), volume I, page 906 (TIAS No. 2168), 2 UST 383 (TIAS No. 2176), and 1 UST 899 (TIAS No. 2167), respectively. An agreement with Brazil along similar lines was effected by an exchange of notes between the United States Ambassador and the Brazilian Foreign Minister, at Rio de Janeiro, on December 19 (2 UST 845 (TIAS No. 2239)).

Matters of organizational importance occurred in the Point IV program at the end of the year, in Washington. By Department of State Announcement 212, October 27, 1950, the Technical Cooperation Administration (TCA) was established in the Department of State, and TCD was abolished; for text, see Department of State *Bulletin*, November 13, 1950, page 793. On November 14, President Truman announced the appointment of Dr. Henry Garland Bennett as Administrator of TCA (*ibid.*, page 912). Dr. Bennett assumed charge on December 1.

UNITED STATES POLICY REGARDING QUESTIONS PERTAINING TO THE DELIMITATION OF THE TERRITORIAL SEA, AND RELATED MATTERS

I. DELIMITATION OF INLAND WATERS AND THE MARGINAL SEA

700.022/3-750 : Circular airgram

*The Secretary of State to Certain Diplomatic Missions*¹

RESTRICTED

WASHINGTON, March 7, 1950—8:05 a. m.

Delimitation of Inland Waters and the Marginal Sea

Department requests information regarding relevant portions of all laws, decrees, regulations, treaties, and other authoritative government pronouncements of country to which you are accredited, concerning the delimitation and measurement of its inland waters and its marginal sea. Available copies of such documents should be forwarded to the Department, in triplicate, if possible.

In the trial brief of the State of California submitted during the October term of 1948 of the Supreme Court of the United States, in the petition of the Plaintiff for the Entry of a Supplemental Decree in the case of *United States v California* (Opinion, 332 United States 19; Order and Decree, 332 United States 804), it was stated, at pages 37 and 38, that:

“Many nations specifically define their inland waters by national law as extending to their outermost islands, rocks and reefs regardless of distances from the mainland, and hence establish the base line of the marginal belt on the seaward side of such islands, rocks and reefs. Among such nations are Cuba, Denmark (including Greenland), Finland, New Caledonia (by French decree), Germany, Great Britain, Iceland, The Netherlands, Norway, Russia, and Sweden.

“Some nations declare very large bays, much larger than San Pedro, Santa Monica or Monterey Bays, to be inland waters. Among them are the Argentine Republic, Canada, Chile, Egypt, France, Guatemala, Norway, Sweden, Ecuador, Colombia, Italy, Portugal, Russia, and Spain.

“Some nations place a specific limit of ten miles or less on width of bays which are inland waters. Among these are Brazil, Denmark, France (ten-mile limitation exists in certain fisheries treaties), Ger-

¹ Sent to Athens, Bangkok, Caracas, Ciudad Trujillo, Manila, Port-au-Prince, Pretoria (Transvaal), Rangoon, Tel Aviv, Wellington, and Damascus.

many, Great Britain (exceptions made as to "historic bays"), Indonesia, and The Netherlands.

"Many nations specifically define ports, harbors, and roadsteads, and declare them to be inland waters. Examples are Australia, Bulgaria, Denmark, Great Britain, The Netherlands, Norway, Sweden, and Uruguay.

"Certain nations establish the base line from which the marginal sea is drawn not from every point on the coast but from selected salient points. Examples are Ecuador, France, Great Britain, Norway, and Spain."

The Department is particularly interested in paragraphs 1, 2 and 5. Since the Department's files are not complete on this subject, and some of these laws may be very recent, you are requested to furnish a brief general statement on this subject at the earliest possible date, and to forward the more specific information and documents as you receive them.

ACHESON

700.022/6-2350

Mr. Donald C. Tebbit, Second Secretary, British Embassy, to Mr. F. Garner Ranney of the Office of British Commonwealth and Northern European Affairs

CONFIDENTIAL

WASHINGTON, 23rd June 1950.

DEAR GARNER: I am writing in response to your request for further clarification of the nature of the proposal about territorial waters which Mr. Fawcett and I recently put to you and Dr. Chapman.

2. His Majesty's Government attach the greatest importance to the maintenance of the three-mile limit, particularly in relation to neutrality in time of war, and with regard to fishing. While they are continuing to protest against any claims to territorial waters outside three-mile limits, they are concerned at the manner in which the practice of claiming greater limits is growing. The difficulties of arresting the practice are all the greater since it is quite uncertain whether the Hague Court would give a judgment in favour of the three-mile limit if a case were brought before it.

3. It was the hope of His Majesty's Government (and, we believe, of the United States Government) that the Hague Codification Conference of 1930 would end in a Convention being signed laying down that the limit of territorial waters was three miles. The fact that the Hague Conference broke up without producing any convention seems to have encouraged a number of governments to claim by their domestic laws territorial waters to a breadth greater than three miles. These governments seem to have felt that the absence of agreement at the Hague entitled them to take this action. Our feeling is that,

while it may be difficult to prove that Ruritania is not entitled to claim more than three miles, it is equally difficult to prove that if she does so the United Kingdom, for example, is obliged by international law to accept her claim.

4. As you are aware, we at present have a case with Norway under examination by the Hague Court. Owing to the fact that the Scandinavian four-mile belt is really older than the three-mile limit, Norway's claim to four miles would probably have been more difficult to defeat in the Court than any other claim in existence to a limit greater than three miles. For this reason in the Norwegian Fisheries case the question which the Court will be deciding is not the breadth of territorial waters but the manner in which the complicated coast of territorial waters may be measured. Roughly speaking, Norway contends that she may measure territorial waters by drawing long lines from headland to headland, thereby enclosing large areas of sea which (according to the United Kingdom view) are not territorial waters at all. We are somewhat afraid, however, that the greater the success of the United Kingdom on this issue before the Court, the more likely will it be that other States wishing to enclose wide areas of sea will adopt the method of claiming a wider territorial belt because the other method (that of drawing long lines from headland to headland) will have been declared wrong by the judgment of the Hague Court.

5. In future cases which may arise, however, it may not be possible to avoid the direct question of the breadth of territorial waters. In these circumstances we are considering what, if anything, can be done to render it more likely that a majority at the Hague Court would decide in favour of a three-mile (or at most a four-mile) limit in the event of a case being put to them in those terms.

6. With this object in mind we have been reviewing the tactics which the British delegates pursued at the Hague Conference in 1930.¹ There were before that Conference drafts (which had a great deal of support) in the first place prescribing three miles as the breadth of territorial waters, and secondly admitting a contiguous zone outside the three-mile limit in which the littoral state could exercise jurisdiction over foreign shipping to the extent necessary to protect its revenue and fiscal interests. The French writer, Gidel (who was both a French delegate at the Conference and is, perhaps, the greatest authority on the international law of the sea) says in his book that if the ardent supporters of the three-mile limit, such as the United Kingdom, had chosen to accept the proposal relating to the contiguous zone, they would probably have succeeded in obtaining very wide

¹ For documentation regarding the Conference for the Codification of International Law, held at The Hague, March 13–April 20, 1930, see *Foreign Relations*, 1930, vol. I, pp. 204 ff.

acceptance for a Convention prescribing the three-mile limit for territorial waters. Gidel goes on to say that these Powers made a capital mistake in not doing so, particularly having regard to the fact that in the past practice both of the United States Government and the British Government there was ample authority for the view that the proposals relating to the contiguous zone did not go beyond existing international law.

7. The British Government have since 1930 protested against claims by other States to exercise jurisdiction in the contiguous zone. They have, in consequence, found themselves in conflict with certain States about actions which they would not have had to challenge if the contiguous zone theory had been admitted. All these protests have been ineffective. Moreover, so far as we can see at present, there is no practical objection to the admission of the contiguous zone provided that its extent and what can be done there is carefully limited.

8. For all these reasons His Majesty's Government have under consideration the possibility of a change in their policy, namely the acceptance for the future of the contiguous zone as a means of strengthening the case for the three-mile limit. It can be demonstrated that a three-mile limit is not sufficient for the customs protection of a large number of countries; if, however, the contiguous zone is admitted, this objection to the three-mile limit falls.

9. If the British Government should decide to change their policy in this way, the question will arise as to the manner in which they should try to implement their decision. Our thoughts on this aspect are naturally not yet very far advanced but I think you should know that we do *not* think that it would be helpful to call another Conference on territorial waters.

10. Before pursuing the matter further, the Foreign Office would very much welcome the opportunity of a confidential exchange of views with American officials, particularly in view of the keen interest which they have expressed in the Norwegian Fisheries case. We have, therefore, been asked to ascertain whether the United States Government would like to engage in entirely unofficial and private discussions on this matter. If this suggestion should commend itself to you the Foreign Office would be prepared to consider sending someone over to Washington from the United Kingdom, like Sir Eric Beckett or Professor Waldock who are perhaps more conversant with this question than anybody else on our side. The idea would be that they should meet and exchange ideas with one or two United States experts. I should like to emphasize that the conversations would be entirely unofficial. Nevertheless, we think that they might be of considerable benefit to both sides.

11. Although I have gone into this question at some length in order to make the position as clear as I can, I should be grateful if you would regard this letter as entirely unofficial and informal. I shall look forward to receiving your views on the questions which I have raised.²

Yours ever,

DONALD

² After several exchanges between the two governments and delays, the discussions occurred in March 1951.

700.022/8-1150 : Circular airgram

*The Secretary of State to Certain Diplomatic Missions and Consular Offices*¹

RESTRICTED

WASHINGTON, August 11, 1950—9:45 a. m.

Delimitation of Inland Waters and the Marginal Sea

[Here follows instruction, repeating verbatim the text transmitted in Department's circular airgram of March 7, *ante*, page 875. The Department stated further that it was transmitting a concise summary of claims made by a number of countries regarding the delimitation and measurement of inland waters and the marginal sea affecting them, based on Departmental research and replies received from many littoral states to which queries were sent earlier in the year.]

Research Statement on Marginal Sea Claims of Certain Countries

European Countries

France: 3-mile claim

France claims to exercise jurisdiction over the above [that is, inland waters and the marginal sea] within a limit of three nautical miles. This limit also applies to the waters of French overseas territories. However, some local administrations of certain overseas territories have established exceptions. For example, a decree of September 22, 1936 extended French jurisdiction over fishermen off the Indochina coast to 20 kilometers.

Greece: 6-mile claim

The extent of the zone of territorial waters is fixed at six nautical miles from the coast without prejudice to any provisions in force which deal with special cases and in which the zone of territorial

¹ Sent to Ankara, Baghdad, Belgrade, Brussels, Colombo, Dublin, Karachi, Lima, Managua, Monrovia, New Delhi, Tegucigalpa, Tehran, Warsaw, Beirut, and Saigon.

waters is fixed at a greater or lesser extension than six nautical miles. (Law No. 230 of Sept. 17, 1936.)

U.S.S.R.: 12-mile claim

"In general, it would appear that the Soviets insist upon the 12-mile limit for their own territorial waters, while claiming the right for their vessels to approach within 3 miles of the shore of other countries." (Moscow emb. airgram 2785, Aug. 1, 1949.)

"... a maritime zone 12 miles wide, measuring from the line of the lowest tide, both on the continent and on islands, except in cases provided for by international agreements of the Union of S.S.R." ("Collection of Laws and Decrees of the Workers' and Peasants' Government of the Union of Soviet Socialist Republics," No. 62, Nov. 19, 1927; Art. 625, II-c.)

[Here follows a summary listing of claims by four South American countries. For a concise citation of claims advanced by all the Latin American countries, see Department's circular airgram, September 15, *infra*.]

Asian Countries

Ceylon: 3-mile claim

There is no enactment establishing a general limit of territorial waters. There are, however, enactments and cases covering specific situations and in general upholding the three mile limit, with exceptions made for pearl and chank fisheries.

India: 3-mile claim

No enactment is known defining the territorial waters of India for general purposes. However, in its reply to the questionnaire of the League of Nations of December 15, 1928 (League of Nations, Preparatory Committee for the Conference for the Codification of International Law, *Bases of Discussion*, Vol. 2, *Territorial Waters* C.74M.39. 1929.V, p. 166) the Government of India associated itself with the reply of the British Government which had advocated a three mile limit for all purposes, reserving the rights of pearl and chank fisheries outside territorial limits. (*ibid.* p. 162.)

There are a number of Indian cases which define territorial waters as extending three miles from low water-mark.

Iran: 6-mile claim, with contiguous zone

The territorial waters of Persia extend for a distance of six nautical miles from the extreme point of the shore bared at low-water. Besides, a zone of maritime control extending to a distance of 12 miles shall be placed under the supervision of the government.

Every island belonging to Persia is surrounded by territorial waters as defined above. Where an archipelago is concerned the territorial waters begin at the outermost island of the group. . . . (Law of July 15, 1934 Tir 24, 1313.)

(A French translation of this law is contained in Italy, Ministero della Marina, *Norme e disposizioni sul mare territoriale*, Rome, 1939, p. 265.)

Israel: 3-mile claim

"Territorial waters" means any part of the open sea within three nautical miles of the coast of Palestine, measured from low water mark. . . . (Palestine interpretation Ordinance, No. 9 of March 29, 1945.)

No enactments of Israel could be found establishing differing limits for specific purposes or national defense.

Japan: 3-mile claim

Japan since the early part of the Meiji Era has observed the 3-mile rule with respect to national claims to territorial waters. Insofar as is ascertainable, however, it has never expressed its acceptance of the 3-mile limit in domestic legislation, but rather has regarded and observed the 3-mile limit as a rule of general international law.

Since August 1945 Japan, as an occupied nation, has been unable to take any position internationally on the question of territorial waters. Insofar as domestic administration is concerned however, Japanese jurisdiction extends to surrounding waters (undefined as to extent), as authorized by SCAP, with respect to maritime police, customs, coastal navigation and fishing, etc.

Lebanon

There are no provisions establishing a general limit of territorial waters. However, a number of legislative provisions establish limits of territorial waters for specific purposes, as follows:

a) Fisheries: 6 miles. (Decree, High Com'r of Fr. Republic in Syria & Lebanon, 1104, Nov. 14, 1921)

b) Criminal jurisdiction: 20 kilometers. (Lebanon Penal Code, decree-law No. 340/NI, Mar. 1, 1943)

c) National defense: 6 miles. (Decree No. 1 of Col. Gen'l, Lebanese Army, May 16, 1948)

Philippines, Republic of the: 3-mile claim

According to the Philippine Coast and Geodetic Survey, the 3-mile marginal sea limit has been recognized in numerous court decisions in the Philippines, particularly in cases involving smuggling of opium in the waters adjacent to Borneo.

Saudi Arabia: 6 miles and contiguous zone

Royal decree No. 6/5/43711 prescribes that:

a) Inland waters includes bays, waters landward of any shoal or island not more than 12 nautical miles from the mainland, and between islands not more than 12 miles apart (Art. 4);

b) Coastal (marginal) sea outside inland waters seaward for a distance of 6 nautical miles (Art. 5):

c) With a view to assuring compliance with the laws of the Kingdom relating to security, navigation, and fiscal matters, maritime sur-

veillance may be exercised in a contiguous zone outside the coastal sea, extending for a further distance of six nautical miles and measured from the base-lines of the coastal sea, provided however that nothing in this Article shall be deemed to apply to the rights of the Kingdom with respect to fishing (Art. 9).

An English translation of the decree was published in *American Journal of International Law*, Vol. 43 (July 1949), Supplement, pp. 154 to 156.

Syria

There are no provisions establishing a general limit of territorial waters. However, a number of legislative provisions establish limits of territorial waters for specific purposes.

a) Fisheries: 6 miles.

b) Criminal jurisdiction: 20 kilometers.

Thailand

Neither the Constitution nor the available sections of the Civil and Criminal Codes define the limits of Thailand's territorial waters. Furthermore, two recent cases of ship seizure indicate that the Thai Government adheres to no *de facto* limit for territorial waters.

1. The Norwegian vessel *Brattoy* was intercepted on the "high seas", 65 miles off the Thai coast by a Royal Thai Navy vessel on suspicion of smuggling rice. The ship's captain described the seizure as unwarranted and in violation of international maritime law. Naval officials of the Thai vessel claimed that they had the right to seize the ship beyond the international three mile limit because they had the right to apprehend vessels suspected of carrying contraband goods: (*Bangkok Post*, Oct. 18, 1948). Norwegian authorities submitted that the *Brattoy* should not have been seized outside the "three mile national limit". (*Bangkok Post*, Nov. 9, 1948.)

2. Six members of a Malaya fishing party were arrested last week in Thai waters off Narathivas Province after a chase following refusal to halt for examination. (*Bangkok Post*, Nov. 21, 1949.) A buoy has been established ten miles offshore at the latitude of the border, but whether Thailand claims sovereignty to that point is not clear (D-257, Bangkok, Apr. 5, 1950).

Turkey

There does not appear to be any enactment establishing a general limit of territorial waters. However, there is evidence to indicate that Turkey favors a limit of six miles.

At The Hague Conference on Territorial Waters, 1930, Turkey declared herself in favor of a limit of six nautical miles with an adjacent zone.

The Ottoman Empire claim relating to a 6-mile limit of the territorial sea has apparently set the pattern for the present claims of the succession states.

700.022/9-1550 : Circular airgram

*The Acting Secretary of State to Certain Diplomatic Missions in the American Republics*¹

RESTRICTED

WASHINGTON, September 15, 1950—2:05 p. m.

Reference is made to Circular Airgram of July 21, 1949, which included eight Latin American embassies; to Circular Airgram of March 7, 1950, to Caracas, Ciudad Trujillo and Port-au-Prince; Circular Airgram dated August 11, 1950 to Lima, Managua and Tegucigalpa.² These all relate to the limits of territorial waters and inland waters claimed by the several republics.

Information is furnished below regarding the claims of each coastal country in the Americas, as tentatively formulated for incorporation in tabular form which will cover all the coastal countries of the world, and also for incorporation, so far as feasible, on a world map entitled "World: National Claims in Adjacent Seas".

In the partial table which appears below (relating only to the Americas) the following abbreviations are used:

T=Territorial Sea width (always expressed in nautical miles, and always measured from low tide line on mainland and islands).

C=Contiguous Zone width (measured from low tide line, and therefore *including the territorial sea*).

Argentina

T=3 mi.; C=12 mi. for security and fiscal laws; C also=continental shelf and "epicontinental sea."

Brazil

T=3 mi.; C=12 mi., for customs and sanitary regulations, security and coastal fishing.

Canada

T=3 mi.

Chile

T=3 mi.; C=12 mi., also 200 mi. for "all the natural resources."

Colombia

T=12 mi.

Costa Rica

T=3 mi.; C=200 mi.

Cuba

T=3 mi.; C=12 mi., customs surveillance.

¹ Sent to Bogotá, Buenos Aires, Caracas, Ciudad Trujillo, Guatemala, Habana, Lima, Managua, México, Montevideo, Panamá, Port-au-Prince, Quito, Rio de Janeiro, San José, San Salvador, Santiago, Tegucigalpa.

² Circular airgram of July 21, 1949, not printed.

Dominican Republic

T=3 mi.

Ecuador

T=3 mi.; C=12 mi. for security and fiscal laws, and 15 mi. for fishing.

El Salvador

T=3 mi.; C=12 mi., security, fiscal laws (200 mi. proposed, 1950 draft constitution).

Guatemala

T=12 mi. (decree, June 17, 1940)

Haiti

T=?? (No information)

Honduras

T=12 km. (6.49 naut. mi.)

Mexico

T=9 mi.; C=continental shelf (to 200 meters depth at low tide).

Nicaragua

T=3 mi. (?)

Panama

T=3 mi.; C=continental shelf for fishing purposes.

Peru

T=3 mi.; C=200 mi. for control and protection of national resources in continental and insular seas.

United States

T=3 mi.; C=12 mi. (in tariff acts since 1790)

Uruguay

T=?? (No information)

Venezuela

T=3 mi.; C=12 mi. for "vigilance, security and protection of national interests".

[Here follows brief discussion of a "world map" being compiled in the Department, showing national claims to territorial seas and adjacent waters. The missions were informed that:

"It will be appreciated that never before have so many conflicting and inconsistent national claims in adjacent seas been asserted by coastal states throughout the world. Current studies are therefore being conducted in order . . . to reduce the area of conflict and to facilitate commerce by sea and air, and also reasonable development of resources of the sea and the subsoil of the seabed."]

Editorial Note

The document that follows contains information relevant to the position of the United States on the delimitation of inland waters and the marginal sea. It is appropriate to print it here, although it carries the date of November 13, 1951, for it is based on precedents extending no farther than 1930, and it sets forth ample and relevant information on positions taken by various governments on this question at the Conference for the Codification of International Law held at The Hague in 1930.

711.022/3-452

*The Acting Secretary of State to the Attorney General of the
United States (McGrath)*

[WASHINGTON,] November 13, 1951.

MY DEAR MR. ATTORNEY GENERAL: Reference is made to your letter dated October 30, 1951¹ requesting a statement from the Department of State in regard to the position of the United States as to the principles or criteria which govern the delimitation of the territorial waters of the United States. You ask in particular how such delimitation is made in the case of:

- (a) A relatively straight coast, with no special geographic features, such as indentations or bays;
- (b) A coast with small indentations not equivalent to bays;
- (c) Deep indentations such as bays, gulfs, or estuaries;
- (d) Mouths of rivers which do not form an estuary;
- (e) Islands, rocks or groups of islands lying off the coast;
- (f) Straits, particularly those situated between the mainland and offshore islands.

In the formulation of United States policy with respect to territorial waters and in the determination of the principles applicable to any problem connected therewith, such as the problem of delimiting territorial waters, the Department of State has been and is guided by generally accepted principles of international law and by the practice of other states in the matter.

(a) In the case of a relatively straight coast, with no special geographic features such as indentations or bays, the Department of State has traditionally taken the position that territorial waters should be measured from the low water mark along the coast. This position was asserted as early as 1886 (The Secretary of State, Mr. Bayard, to Mr. Manning, Secretary of the Treasury, May 28, 1886, I Moore, *Digest of International Law*, 720). It was maintained in treaties con-

¹ Not printed.

cluded by the United States. (See Article 1 of the Convention concluded with Great Britain for the Prevention of Smuggling of Intoxicating Liquors on January 23, 1924, 43 Stat. 1761.) This position was in accord with the practice of other states. (See Article 2 of the Convention between Great Britain, Belgium, Denmark, France, Germany and the Netherlands for regulating the Police of the North Sea Fisheries signed at The Hague, May 6, 1882, 73 *British and Foreign State Papers*, 39, 41, and Article 2 of the Convention between Germany, Denmark, Estonia, Finland, France, the British Empire, Italy, Latvia, Poland and Sweden, relating to the Non-Fortification and Neutralization of the Aaland Islands, concluded at Geneva on October 20, 1921, 9 *League of Nations Treaty Series*, 212, 217.) The United States maintained the same position at the Conference for the Codification of International Law held at The Hague in 1930. (See League of Nations, Bases of Discussion for the Conference for the Codification of International Law, II, Territorial Waters, C. 74 M. 39, 1929, V., 143, hereinafter referred to as *Bases of Discussion*.) The report of the Second Sub-Committee adopted the low water mark as the base line for the delimitation of territorial waters. (League of Nations, Acts of the Conference for the Codification of International Law, III, Territorial Waters, C. 351 (b) M. 145 (b), 1930, V., 217, hereinafter referred to as *Acts of Conference*.)

(b) The Department of State has also taken the position that the low water mark along the coast should prevail as the base line for the delimitation of territorial waters in the case of a coast with small indentations not equivalent to bays: the base line follows the indentations or sinuosities of the coast, and is not drawn from headland to headland. This position was already established in 1886. (See the letter from the Secretary of State, Mr. Bayard to Mr. Manning, Secretary of the Treasury, dated May 23, 1886, *supra*.) The United States maintained this position at the Hague Conference of 1930. (See Amendments to Bases of Discussion proposed by the United States, *Acts of Conference*, 197.) The principle that all points on the coast should be taken into account in the delimitation of territorial waters was adopted in the report of the Second Sub-Committee. (*Acts of Conference*, 217)

(c) The determination of the base line in the case of a coast presenting deep indentations such as bays, gulfs, or estuaries has frequently given rise to controversies. The practice of states, nevertheless, indicates substantial agreement with respect to bays, gulfs or estuaries no more than 10 miles wide: the base line of territorial waters is a straight line drawn across the opening of such indentations, or where such opening exceeds 10 miles in width at the first point therein where their width does not exceed 10 miles. (See Article 2 of the Convention between Great Britain, Belgium, Denmark, France, Germany and the Netherlands, for regulating the Police of the North Sea Fisheries, signed at the Hague, May 6, 1882, 73 *Foreign and British State Papers*, 39, 41; The North Atlantic Coast Fisheries Arbitration between the United States and Great Britain of September 7, 1910, *U.S. Foreign Rel.*, 1910 at 566; and the Research in International Law of the Harvard Law School, 23 *American Journal of International Law*, 88, 266.)

Subject to the special case of historical bays, the United States supported the 10 mile rule at the Conference of 1930 (*Acts of Conference*, 197-199) and the Second Sub-Committee adopted the principle on which the United States relied (*Acts of Conference*, 217-218). It was understood by most delegations that, as a corollary to the adoption of this principle, a system would be evolved to assure that slight indentations would not be treated as bays (*Acts of Conference*, 218). The United States proposed a method to determine whether a particular indentation of the coast should be regarded as a bay to which the 10 mile rule would apply (*Acts of Conference*, 197-199). The Second Sub-Committee set forth the American proposal and a compromise proposal offered by the French delegation in its report, but gave no opinion regarding these systems. (*Acts of Conference*, 218-219.)

(d) With respect to mouths of rivers which do not flow into estuaries, the Second Sub-Committee agreed to take for the base line a line following the general direction of the coast and drawn across the mouth of the river, whatever its width. (*Acts of Conference*, 220.)

(e) With respect to the measurement of territorial waters when rocks, reefs, mudbanks, sandbanks, islands or groups of islands lie off the coast, the United States took the position at the Conference that separate bodies of land which were capable of use should be regarded as islands, irrespective of their distance from the mainland, while separate bodies of land, whether or not capable of use, but standing above the level of low tide, should be regarded as islands if they were within three nautical miles of the mainland. Each island, as defined, was to be surrounded by its own belt of territorial waters measured in the same manner as in the case of the mainland. (*Acts of Conference*, 200.)

The report of the Second Sub-Committee defined an island as a separate body of land, surrounded by water, which was permanently above high water mark, and approved the principle that an island, so defined, had its own belt of territorial sea. (*Acts of Conference*, 219.) While the Second Sub-Committee declined to define as islands natural appendages of the sea-bed which were only exposed at low tide, it agreed, nevertheless, that such appendages, provided they were situated within the territorial sea of the mainland, should be taken into account in delimiting territorial waters. (*Acts of Conference*, 217.)

(f) The problem of delimiting territorial waters may arise with respect to a strait, whether it be a strait between the mainland and offshore islands or between two mainlands. The United States took the position at the Conference that if a strait connected two seas having the character of high seas, and both entrances did not exceed six nautical miles in width, all of the waters of the strait should be considered territorial waters of the coastal state. In the case of openings wider than six miles, the belt of territorial waters should be measured in the ordinary way. (*Acts of Conference*, 200-201.) The report of the Second Sub-Committee supported this position with the qualification that if the result of this determination of territorial waters left an area of high sea not exceeding two miles in breadth surrounded by territorial sea, this area could be assimilated to the territorial sea. (*Acts of Conference*, 220.)

The Second Sub-Committee specified in its observations on this subject that the waters of a strait were not to be regarded as inland waters, even if both belts of territorial waters and both shores belonged to the same state. (*Acts of Conference*, 220). In this, it supported the policy of the United States to oppose claims to exclusive control of such waters by the nation to which the adjacent shore belonged. (The Secretary of State, Mr. Evarts, to the American Legation, Santiago, Chile, January 18, 1879, in connection with passage through the Straits of Magellan, I Moore, *Digest of International Law*, 664.) With respect to a strait which is merely a channel of communication to an inland sea, however, the United States took the position, with which the Second Sub-Committee agreed, that the rules regarding bays should apply. (*Acts of Conference*, 201, 220.)

In connection with the principles applicable to bays and straits, it should be noted that they have no application with respect to the waters of bays, straits, or sounds, when a state can prove by historical usage that such waters have been traditionally subjected to its exclusive authority. The United States specifically reserved this type of case at the Hague Conference of 1930. (*Acts of Conference*, 197.)

The principles outlined above represent the position of the United States with respect to the criteria properly applicable to the determination of the base line of territorial waters and to the demarcation between territorial waters and inland waters.

Sincerely yours,

[JAMES E. WEBB]

II. UNITED STATES POLICY ON THE QUESTION OF ACCESS TO THE RESOURCES OF THE SEA

Executive Secretariat Files : Lot 53-D250 : Box 1644

Memorandum by Dr. Wilbert M. Chapman, of the Office of the Special Assistant to the Under Secretary for Wildlife and Fisheries, to the Under Secretary of State (Webb)

SECRET

[WASHINGTON,] May 29, 1950.

HIGH SEAS FISHERY POLICY OF THE UNITED STATES AND ITS IMPLEMENTATION

The principle of the Freedom of the Seas includes the concepts that the open oceans of the world are free to the peaceful passage of all mankind without hindrance from, or molestation by, one sovereign government with respect to the commerce of another, and that the free-moving resources of those high seas are the property of him who reduces them to his possession. This principle has been generally accepted into the body of international customs since early in the 17th century. With the development of air commerce in the 20th century this concept has been broadened to include the air column above the high seas.

The concept of the marginal sea is a limitation upon the principle of the Freedom of the Seas in that the marginal sea has become, through the gradual process of usage and treaties, a part of the sovereign territory of the contiguous State. This concept has been accepted by the United States since the birth of the Republic as a tenet of international law applying to this Government. Although there is no agreement among nations with respect to the extent of this marginal sea the United States has never deviated in the past 158 years from the concept that the band of marginal sea is three miles wide. This latter concept has been generally acceptable to maritime nations throughout our history and is accepted today by those nations conducting approximately 75 percent of the world's sea-borne commerce.

The principle of the Freedom of the Seas has been further limited on frequent occasions during its history by numerous treaties between or among nations having as their purpose the relief of particular points of friction between or among those particular nations which the uniform application of this principle would have aggravated. Some such agreements have been temporary; others have been permanent concessions (see Treaty of 1818 between the United States and Great Britain).¹ Whatever their terms these treaties of limitation have uniformly been restricted solely to the commerce of the signatory nations and never have been permitted by non-signatory nations to have application, either general or specific, upon the commerce of such non-signatory nations.

At this present juncture of history this principle of the Freedom of the Seas and its companion limiting concept of the narrow marginal sea have not decreased in their vital importance to the United States. On the contrary these concepts are of greater moment now to the United States than they have been formerly by reason of the fact that the United States has become the major naval power of the world and has had thrust upon it a major portion of the responsibility for maintaining these as well as other concepts of international law.

At no time in recent history have these subject concepts been under such wide spread attack. They are being attacked both by legal and extra legal processes in international forums and at sea. They are being attacked internationally by numerous countries in North America, South America, Asia, and Europe as well as such island nations as Iceland and the Philippines. They are being attacked by important political elements domestically both on our West Coast and Gulf Coast.

¹ Signed at London, October 20, 1818; 8 Stat. 24 or Treaty Series No. 112 or Hunter Miller (ed.), *Treaties and Other International Acts of the United States of America*, vol. II, p. 658. The specific reference here is to Article I of the treaty.

Within the past five years the Department has engaged in diplomatic activity ranging in seriousness from attempting to persuade the subject nation from attacking these principles to protesting the illegal and unwarranted seizure of United States commerce on the high seas or the shooting down of United States planes in the air column above the high seas with the following nations: Argentina, Chile, Peru, Ecuador, Colombia, Panama, Costa Rica, Nicaragua, Honduras, El Salvador, Mexico, Cuba, Canada, Iceland, Norway, Denmark, Portugal, Saudi Arabia, the Philippines, Korea, China, and the USSR.

In the same period of time elements of the Department's position on this subject has been attacked by Congressmen from, or the governments of, most or all of the littoral states of the Union but particularly from those facing on the Gulf of Mexico and the Pacific Ocean.

The issue in most of the above-cited diplomatic and political activity has been attacks on the principle of freedom of access to the free-moving resources of the high seas, and it is to this subject that the remainder of this memorandum is addressed.

Each of the littoral nations which have placed themselves in opposition to this principle have done so for one of the two following purposes, or for both: (a) to reserve the resources of the high seas adjacent to its coasts exclusively to itself even if this resulted in great wastage so far as the rest of mankind is concerned through the inability of that nation to harvest those resources adequately, or (b) to raise revenue by taxing the fishermen of other nations who had the ability to harvest these resources.

Each of our own littoral States which have placed themselves in opposition to this principle have done so for one of the two following purposes, or for both: (a) to simplify as much as possible the inevitably complex task of formulating and applying conservation regulations to fisheries conducted on the high seas, and (b) to reserve to the fishermen, who by self-denial through conservation regulations have restored and maintained certain fishery resources in the high seas at a level of maximum sustained production, the fruits of that self-denial in those particular mature fisheries.

The fisheries of the United States principally affected by these contentions include (a) those for cod, haddock, rosefish, herring, mackerel, and related fisheries out of New England, (b) those for shrimp out of the Gulf Coast and Southern Atlantic Coast States, (c) those for tuna, sardine, mackerel, and related fisheries out of California, Oregon, and Hawaii, and (d) those for salmon, halibut, herring, crab, and related fisheries out of Oregon, Washington, and Alaska. These fisheries provide annually more than four-fifths of the total food yield taken by the United States from the sea and it is these fisheries which

can be expanded as this nation's need for protein food and animal oils expands with our growing population.

Practically speaking, the livelihood of every salt-water fisherman of the United States will be critically affected by the outcome of these contentions. Accordingly, every Senator and Representative having such fishermen in his or her constituency is abnormally sensitive to the Department's activity, or lack thereof, in this field of its work. Numerically, the Congressmen who have indicated in the past three years a continuing, active interest in this subject amount to about 20 Senators and 50 Representatives.

The international phase of this problem has been brought into a critical phase through the program instituted by the Mexican Government to obtain *de facto* control over fisheries developed by United States citizens in the high seas off the coast of Mexico both in the Pacific and the Gulf of Mexico. One of the tactics used by Mexico in recent years to further such control is the seizure by Mexican gunboats of United States fishing vessels operating as much as thirty miles off the coast and the subsequent claim that those vessels were fishing in Mexican territorial waters without proper permits. This has been brought to a head by a seizure of this nature on April 23, 1950 of five United States shrimp vessels off the coast of Mexico about 150 miles south of Brownsville, Texas.

In choosing the site of this most recent incident Mexico obtained a geographical situation which carried maximum embarrassment to the United States position. The State of Texas contends that the three-mile concept of a band of territorial waters does not apply to the waters off its coast because the sovereign territory of the State of Texas encompasses a band of margin sea three leagues (about 10½ statutory miles) in width. Other Gulf Coast States have similar exaggerated claims which they have supported with more or less vigor in the past, but always with respect to their own citizens or the citizens of other States of the Union, and not as a matter of foreign relations.

This domestic squabble with respect to the breadth of the marginal sea among the Gulf States is always on the verge of becoming enmeshed in the even broader based domestic squabble among the States and between the States and the Federal Government with respect to the ownership of subsoil resources under the marginal sea and the tidelands.

In consequence the Department has been forced into a position of taking a very firm stand internationally in an area of the utmost delicacy with respect to domestic politics. Of necessity the solution of the international aspect of the matter must relate itself to the local domestic situation because the international problem can probably only be solved permanently through treaty between the United States

and Mexico, and such a treaty could not receive Senate assent to ratification if the Senators of the Gulf Coast States were in opposition to it.

The other domestic hot spot weakening the Department's position on this subject internationally is that related to the fully mature salmon, halibut, herring and sardine fisheries of the West Coast States and Alaska. This is an even more critical and sensitive problem with respect to domestic politics than is the Texas problem.

Should, for instance, the fishermen of a foreign nation now enter the salmon fishery of Alaska there would be such a storm of protest raised on the West Coast that the Department would be forced by public and Congressional reaction to take diplomatic action to secure the removal of these foreign fishermen, as it was so forced to do in 1937 and 1938 when Japanese fishermen began to enter the salmon fisheries centering on Bristol Bay, Alaska.

Should the United States be forced to take such diplomatic action on account of this serious domestic reaction, that action would have the effect of devastating our position with respect to maintaining freedom of access to the resources of the sea in other areas of the world.

Accordingly, it would appear to be ordinary prudence to seek treaties of mutual denial with the nations who are able practically to send their fishermen into those fisheries, in order to prevent such embarrassment to, or weakening of, the Department's position with respect to freedom of access to the resources of the sea, and the broader issue of the Freedom of the Seas. Such nations are two: Russia and Japan.

In order to contribute to a solution of this complex problem of protecting the principle of the Freedom of the Seas, U/FW requests permission to draft and negotiate, with the concurrence of the appropriate geographic desks and the Legal Adviser, separate treaties with Russia, Japan, and Mexico.

These treaties would have the following substantive points in common:

1. They would express a mutual self-denial by each of the signatory nations of fishing in certain areas of the high seas and, in consequence,
2. They would be a limitation, with respect to each signatory nation, upon the principle of Freedom of the Seas and freedom of access to the free-moving resources of the seas.
3. They would specifically exclude from their effect the fishermen of non-signatory nations.

As an example there is attached a Draft Convention Among the United States, Canada and the USSR for the Preservation of Certain Fisheries of the North Pacific Ocean and Bering Sea.²

² Not printed.

In consideration of this request the following historical and political facts should be borne in mind:

1. It has been possible to maintain the principle of the Freedom of the Seas for upwards of three hundred years only because of the major limitation upon its effects of the concept of a band of marginal sea which is the sovereign territory of the contiguous nation.

2. It has been possible to maintain the concept of a narrow band of marginal sea for more than two hundred years only because nations have been willing from time to time to place limitations upon the application of this concept to their relations with other particular nations through treaties in order to alleviate specific aggravations between or among themselves which the general application of the concept would have advanced.

3. One type of such limitation that has been frequently utilized by nations, including the United States, is voluntary limitation of its fishermen from certain areas of the high seas.³

³ Strong exception was taken to this memorandum by the Bureau of Economic Affairs, which set forth its views in an undated memorandum, not printed. The United States paper argued that the treaties proposed were unnecessary (domestic political pressures were exaggerated), constituted a reversal of established treaty policy (substituting the principle of mutual exclusion for the principle of equal access), and would run contrary to this Government's general foreign economic policy (by providing extreme and excessive protection to a domestic industry). Additional reasons were advanced against concluding such a treaty with Japan, based on the inferior international position held by the Japanese state at that time.

711.022/9-2750

The Secretary of State to the Embassy in Norway

CONFIDENTIAL

[WASHINGTON,] October 24, 1950.

The Secretary of State refers to the Embassy's despatch No. 556, dated September 27, 1950,¹ concerning certain questions which were asked by an official of the Norwegian Foreign Office regarding the United States Presidential Proclamation of September 28, 1945 on the subject of coastal fisheries.² These questions are dealt with in the order in which they appear in the Embassy's despatch.

1. The Presidential Proclamation under reference does not represent a new concept in international law, nor does it alter in any way the pre-existing regime of the high seas. Unfortunately, there has been a tendency, particularly among states in this Hemisphere, to confound the effect of this Proclamation by relating it to international law, whereas in reality the Proclamation is properly identified as a declaration of United States fishery policy with respect to the activities in contiguous high seas of its citizens. The right of a state to

¹ Not printed.

² For documentation on the formulation of United States policy on the resources of the (North American) Continental Shelf and on coastal fisheries, see *Foreign Relations*, 1945, vol. II, pp. 1481 ff.

exercise jurisdiction over its nationals on the high seas has long been acknowledged as an attribute of the sovereign power of a state over its citizens or subjects. President Truman's fisheries Proclamation merely constitutes an exercise of that right in so far as fishing operations by United States citizens in contiguous high seas are concerned. Therefore, instead of representing a new principle of international law, the Proclamation merely declares the intention of the United States to regulate the fishing activities of its citizens on contiguous high seas where such regulation is found necessary in order to conserve and protect fishery resources. Admittedly, the United States may not legally require compliance with its conservation regulations by fishermen of other states in international waters. Where a particular fishery is exploited solely by United States fishermen a problem in that respect does not arise. However, it is recognized that in many instances other states will also be operating on the same fishery, in which case, in order to make the conservation measures fully effective, there must be full cooperation by all parties involved. The only practical way in which the necessary cooperation can be achieved in such cases is through agreement with the other states concerned, which states shall, of course, also have a voice in the formulation of appropriate regulations. The fisheries Proclamation contemplates such agreements between the United States and other states where there is a joint interest in the fishery to be regulated.

It will be observed, therefore, that prior to the issuance of this Proclamation the United States had the right to regulate the fishing activities of its citizens on the high seas, but not the fishing operations in such waters of nationals of other states without the consent of those states. This situation still prevails, the Proclamation not having affected pre-existing rights of any state under international law.

2. The term "contiguous" as used in the Proclamation to describe the area of the high seas covered by it is not capable of precise definition. Contiguous waters are not defined in terms of miles or depth and are not coextensive with the continental shelf. It would, however, be correct to say that the outer limit of waters contiguous to the coasts of the United States could not logically be so located as to embrace a broad expanse of seas far distant from the coast, as, for example, to the territorial limits of the Philippines.

3. The question pertaining to the adequacy of the three-mile principle for the protection of fisheries is not fully understood. For a great many years the three-mile marginal belt has been far removed from many of the principal fishing grounds. If sovereignty over the fishing grounds were essential to the protection of the fish stocks then the three-mile rule is wholly inadequate. However, the development of fishery conservation in this century has not justified or necessitated

an extension of sovereignty by coastal states in order to prevent depletion of the fish stocks. Effective conservation can be achieved consistently with present territorial limits and without affecting the international character of the high seas. In recognition of this fact, the fisheries Proclamation, as indicated above, contemplates the formulation by the United States of appropriate conservation regulations either unilaterally or jointly with other states, depending upon whether the United States has a sole or a joint interest in the particular high seas fishery to be conserved. Examples of joint undertakings in this regard are the halibut and salmon conservation treaties between the United States and Canada, the tuna investigatory conventions between the United States and Mexico and Costa Rica, and the Northwest Atlantic Fisheries Convention which was signed on behalf of the United States and nine other countries, including Norway.

The Officer in Charge is authorized, in his discretion, to communicate the contents of this instruction on an informal basis to the official who put these questions to the Embassy.

IMPACT OF THE INTERNAL SECURITY ACT OF 1950 (THE McCARRAN ACT) UPON THE CONDUCT OF UNITED STATES FOREIGN RELATIONS

Lot 53-D250 : Executive Secretariat Files : Box 1646

*Memorandum by Mr. Jesse M. MacKnight¹ to the Department of
State Policy Committee on Immigration and Naturalization*

SECRET

[WASHINGTON,] November 22, 1950.

PIN D-2/26a

DRAFT DEPARTMENT POSITION ON THE INTERNAL SECURITY ACT OF 1950²

On October 20, 1950, a subcommittee of the Policy Committee on Immigration and Naturalization (PIN) was appointed to analyze the operation of the Act and make recommendations looking toward its amendment or repeal. The subcommittee had representation from P, H, CON, UNA and EUR (for all Regional bureau interests) and was assisted by advisers from VD, L/EUR, and IEP.

The subcommittee's functions were defined by the Chairman of PIN (Conrad E. Snow) as:

1. The collecting of information on the actual working of the Internal Security Act of 1950 and the practical effect of the law upon our foreign relations.
2. The drafting of a departmental position with respect to the Act which can be used for discussion in top level meetings of the Department.

The subcommittee reached two conclusions after a preliminary examination of the problem: first, that there was no reasonable basis for concluding that Congress would repeal the Act and, therefore,

¹ MacKnight was Special Assistant, Office of the Assistant Secretary for Public Affairs. At this time, he was serving as Chairman of the PIN subcommittee described in the first paragraph of this memorandum.

² Public Law 831, September 23, 1950, 64 Stat. 987. The statute was entitled "An Act to protect the United States against certain un-American and subversive activities by requiring registration of Communist organizations. . . ." It consisted of two parts: Title I—Subversive Activities Control and Title II—Emergency Detention and was enacted into law over a presidential veto. The provisions of the bill which were of particular interest and concern to the Department of State were contained in Section 22 of Title I (64 Stat. 1006) and in the legislative history of the Act. The views of the Department on these provisions and their presumed impact upon the foreign relations of the United States are incorporated into Senate Minority Report 2369, Part 2.

the subcommittee should limit its efforts to preparing amendments to make the Act reasonably workable; second, because the authority of PIN is limited to the effect on foreign policy of immigration and naturalization policies and practices, the subcommittee should consider only the immigration provisions of the Act.

In undertaking its examination of the actual working of the Act, the subcommittee assigned various collection tasks to its members. These included:

1. History of Negotiations and coordination with the Department of Justice—CON.
2. Public attitudes in the U.S. relative to the wisdom, application, or enforcement of the Act in its relationship to U.S. foreign policy—P.
3. Official statements by foreign governments, and foreign press reaction to the operation of the Act—EUR.*
4. Facts on hardship cases—EUR.
5. Recommendations received for U.S. diplomatic posts with regard to the Act—EUR.*
6. Statements made about the Act in international meetings or by international organizations—UNA.
7. Number and categories of persons with respect to whom 9th Proviso action³ was requested by the Department of State—VD.
8. Number and classes of persons who were denied passports under the Act—PD.
9. Statements made by U.S. government departments concerning the Act—P.

With this material in hand, the subcommittee assigned to certain of its members responsibility for the preparation of estimates of the effect of the Act upon U.S. foreign relations. Five such estimates were prepared covering the following topics:

1. How have foreign states used the Act in propaganda detrimental to the United States? P, assisted by EUR,* UNA and R.
2. How and to what degree have the political, military, economic, and informational and cultural programs of the U.S. been affected by the Act? EUR,* assisted by IEP and S/MDA.
3. What has been the effect of the Act upon U.S. participation in international organizations? UNA, assisted by EUR.
4. What has been the reaction of the U.S. public, including the Congress, to the operation of the Act? P, with the assistance of H.
5. What is the effect of the Act upon the tendency of people to defect from the Communist ranks? P, assisted by R.

These estimates are incorporated as annexes to the attached position paper.

*EUR will coordinate with all the geographic bureaus. [Footnote in the source text.]

³This refers to the ninth proviso in Section 3 of the Immigration Act of February 5, 1917 (39 Stat. 874). See footnote 2, vol. II, p. 61.

Finally, the subcommittee presents to the full PIN Committee the attached recommended amendments to the Act.

The subcommittee, with the exception of the UNA and IEP members, found itself in full agreement with the proposed recommendations for amendment of the Act. The UNA member expressed a dissenting view and upon the suggestion of the chairman agreed to present its own amendments.⁴

The subcommittee recommends PIN adoption of the attached position paper.⁵

JESSE M. MACKNIGHT

[Attachment]

Position Paper Approved by the Policy Committee on Immigration and Naturalization

THE POSITION OF THE DEPARTMENT OF STATE WITH RESPECT TO THE
INTERNAL SECURITY ACT OF 1950

PROBLEM

To determine what amendment if any of the immigration provisions of the Internal Security Act of 1950 is indicated by the effect of the Act on the conduct of U.S. foreign relations?

DISCUSSION

On September 23, 1950, Congress adopted the Internal Security Act of 1950 over a Presidential veto. The House vote was 286 to 48 and the Senate vote 57 to 10 for overriding the veto.

The veto message of the President argued against enactment of the legislation for a number of reasons. Prominent among these reasons was the effect of the legislation on the conduct of foreign affairs. Section 22 of the Act was singled out for special mention in the veto message. The President's message stated that the section would

⁴ This paper as such has not been found in the Department of State files. But presumably UNA's objections found expression in an amendment subsequently submitted by the Legal Adviser (which was not accepted by PIN) which would preclude application of the Internal Security Act in any instance where it was in contravention to any existing international agreement approved by Congress. For the views of the United States Representative at the United Nations (Austin), urging an interpretation that the United States-United Nations Headquarters Agreement of 1947 was not affected by the new act, see telegram 695, October 18, vol. II, p. 75.

⁵ The draft position paper was approved subsequently by the full Policy Committee on Immigration and Naturalization, but the Committee failed to take favorable action on the L amendment described above. No formal action was taken by the Department in 1950 to implement the PIN recommendations.

“ . . . prevent us from admitting to our country, or citizenship, many people who could make real contributions to our national strength. The bill would deprive our government and our intelligence agencies of the valuable services of aliens in security operations. It would require us to exclude and to deport the citizens of some friendly non-Communist countries.”

Effect of the Act on U.S. Foreign Relations

Reaction in the United States

The operation of the Immigration provisions of the law has created many difficult problems for the Department of State and the Department of Justice.⁶ There has been a voluminous amount of public discussion in this country devoted to the immigration sections and the consensus of press and organization comment is (the comments of certain sponsors of the Act excepted) that the law must be revised in order to eliminate its “senseless restrictions.”

The purpose of the law is almost unanimously supported; but it is widely felt that the immigration provisions as presently constituted contain little that will protect the U.S. against Communists and much that is harmful to our relations with other countries. It has been frequently pointed out by editors and columnists that the only “totalitarian” organization which constitutes a “clear and present danger” to the U.S. is the Communist Party; that therefore the immigration restrictions should be rewritten to make it clear that ex-members of other “totalitarian” groups would be admissible under the requirements prevailing prior to the new law. There has been much emphasis on the damaging effect of this section on European confidence in America’s leadership, and many have charged that it is ringing down an “iron curtain” on the U.S. Some others have also maintained that ex-Communists have been of great help to our intelligence activities and are often “the strongest and best informed opponents of Communists”; and these commentators hope that the legislation will be made “elastic” enough when Congress reconvenes

⁶ The following series of instructions were issued by the Department of State to U.S. diplomatic and consular officers regarding the administration of the Internal Security Act of 1950: telegraphic instruction of September 27, to consular officers in Germany, Austria and Italy, circular airgram of October 11, circular telegram No. 35 of October 11, circular telegram No. 71 of October 23, circular airgram of October 26, circular airgram of November 17, circular airgram of November 18. In Press Release No. 1054, October 13, the Department published in full the texts of the two basic circulars of October 11; for texts, see Department of State *Bulletin*, October 23, 1950, pp. 676 ff. Also, on October 31, the Department sent a global circular telegram to all U.S. diplomatic missions (except Germany) requesting reportage on five specific questions to assist the Department in estimating the effect of the McCarran Act on the conduct of United States foreign relations and in preparing a Departmental position paper on the matter. Documentation is located in file 771.001.

to admit people in this category. (For a full analysis of domestic comment, see Annex 4 ⁷ of this paper.)

Foreign Reaction

Abroad, the principal reaction has been in those countries where the impact of the immigration sections of the Act has been immediately felt (Germany, Austria, Italy and Spain). (For a fuller analysis of foreign, public and official reaction to the Act, see Annex 1 ⁷ of this paper.)

This impact has arisen from the provisions of the law excluding, except by special action of the Attorney General, former members or affiliates of totalitarian parties or organizations, especially in Austria, Germany and Italy. It has also struck Spain, which has been found to be a totalitarian dictatorship within the meaning of the Act.

Press reaction in these countries, other than on the part of the Communist press, has been one of shock, surprise, and resentment. Normally friendly newspapers have included comment ridiculing the United States and making sarcastic references to professed American intentions.

Comment abroad has not been limited to that appearing in the public press. Officials in both Austria and Germany have informally conveyed to our representatives in those countries their concern at the adverse psychological effects of the Act.

The Italian Government has formally and officially protested at the operation of the immigration sections of the Act.

Although none of the governments directly affected have formally indicated that they might retaliate against the United States unless the immigration sections of the Act are modified, it is fully within the realm of possibility that they might do so. Italy, for example, might abrogate the 1948 exchange of letters regarding passport visas. Both Spain and Italy might throw difficulties in the way of Protestant missionaries seeking entry into these countries for temporary visits or permanent residence. (For a fuller analysis of foreign public and official reaction to the Act, see Annex 1 ⁷ to this paper.)

Harmful Effects on U.S. Programs

The immigration sections of the Act have already had an adverse effect upon certain U.S. policies and programs in the field of foreign relations. (For a fuller analysis of the effect of the Act on the conduct of U.S. foreign relations, see Annex 2 ⁷ of this paper.)

While the operation of the Act has undermined United States prestige and influence in many parts of the world, its effect on United

⁷ Not printed.

States policies and programs in the conduct of United States foreign relations has naturally been most severe in those countries where totalitarianism other than communism formerly existed or now exists: Austria, Germany, Italy, and Spain. Virtually all citizens of Austria, Germany and Italy born before World War II belonged at least nominally to the Nazi or Fascist Party or to one or more of their subsidiaries. In these countries, such membership was necessary to an education and to earning a living. These peoples have, with our encouragement, consistently demonstrated that they are our friends and allies, confronted with a common danger. Their indiscriminate classification with our real enemies, the Communists, threatens the whole fabric of our policies and objectives, including the primary objective of assuring the security of the United States.

The operation of the Act has interfered with our economic policies and programs by interrupting and making it extremely difficult to resume valuable and necessary travel of business men and commercial representatives. Mutually advantageous trade between the United States and the countries concerned has been impaired.

Emigration from Italy to the United States, which is of vital importance not only politically but as a part of the Italian recovery effort, has been drastically curtailed. This curtailment, which has also affected Germans and Austrians seeking to enter under the regular quotas, has also affected morale in United States Armed Forces in Germany, Austria, and Trieste owing to the fact that the military authorities will not permit military personnel to marry aliens who are inadmissible to the United States for permanent residence.

Our military policies and programs, with particular regard to the exchange of soldier and officer trainees, have not thus far been seriously affected, since persons coming to the United States under these programs can come on government official (3) (1) visas.⁸

Our information and cultural programs in Austria, Germany, and Italy have been drastically affected. Notwithstanding the special procedures available to secure the entry of otherwise excludable persons under these programs, the psychological effect on potential exchangees of going through with such procedures is adverse and contradictory to the purposes of the programs.

As regards Spain, application of the Act will further isolate that country, in contradiction to our national policy of attempting to encourage more liberal policies there, to permit gradual integration of Spain into the community of Western European nations.

⁸ This refers to Section 3 of the Immigration Act of 1924, 43 Stat. 153. For a brief discussion of Section 3, see memorandum by Raymond T. Yingling of the Legal Adviser's Staff to the Chief of the Visa Division (L'Heureux), April 19, 1950, vol. II, p. 49.

Repercussions in the United Nations

Application of provisions of the Act to certain foreign participants in U.N. activities in the U.S. has resulted in a resolution of inquiry addressed to the U.N. Secretary-General by ECOSOC.⁹ The Department has also found it necessary to recommend eighteen cases to the Attorney General for Ninth Proviso action during the period September 23–November 3, 1950. (For a full discussion of the effect of the Act on U.N. activity in the U.S., see Annex 3¹⁰ of this paper.)

Effect of the Act upon Communist defection

It is too early to evaluate the effect of the Act on defection from Communist ranks. (See Annex 5¹⁰ of this paper.)

Administration of the Act

The Department of Justice has been cooperative in its administration of the Act. The Office of Consular Affairs and the Visa Division have worked closely with Justice in the development of procedures for administering the Act and on the interpretation of the loose language found in the legislation. The Attorney General has indicated a willingness to exercise his Ninth Proviso authority in those cases where he felt he had authority to do so. This is often a rather slow process but it has permitted the temporary admission of many aliens who would otherwise have been excluded. However, the requirement that each case be examined individually and the necessity of providing a substantial amount of information needed by the Attorney General for his report to Congress on Ninth Proviso actions has put a heavy additional workload on the Department at home and the consular establishment abroad. Further, there is no guarantee that the Attorney General will exercise his Ninth Proviso authority in all cases in which the Department is interested.

As of November 10, there were 199 Ninth Proviso cases pending in the Visa Division plus approximately 50 others in IEP (Educational Exchange program cases). By the same date, the Attorney General had actually invoked the Ninth Proviso in 151 cases. It is estimated that IEP alone will have some 3,000 additional cases to present to Justice for Ninth Proviso action in the remaining 7½ months of this fiscal year. These cases arise in connection with the exchange programs with Germany, Austria and Italy.

Except for a few items, the Departments of State and Justice have reached agreement on definitions and procedures under the Act. There still remain three or possibly four points on which agreement does not yet exist:

⁹ See vol. II, p. 77, footnote 1.

¹⁰ Not printed.

1. The Immigration and Naturalization Service takes the position that former members of the German and Italian armies are *ipso facto* inadmissible under the Act. The Department of State believes this view is unreasonable because service in the armed forces is seldom on a voluntary basis and because it would exclude a class of persons who are not necessarily dangerous to our internal security. In the event such individuals do constitute danger to our internal security, they will be excluded under other provisions of the Act.

2. The question of what the term "membership" should mean in the Act is in dispute. The difficulty comes in trying to agree on which kinds of involuntary membership should not make a person inadmissible.

3. The definition of the term "affiliation" is not settled. An example of this problem is the case of a German organization of engineers existing before the Nazi regime which was taken over by the Nazis, leaving the membership of the organization and its principles unchanged.

4. The definition of the terms "section, subsidiary, branch, affiliate, or subdivision . . ." in Section 22, I, (2) (c) may be another subject of disagreement.

Amendments proposed

The following amendments to the Act are recommended to make the Act workable:

1. Section 22 1 (2). (Preferred substitute) "Aliens who at the time they seek to enter the United States are members of any of the following classes:"

This change is designed to remove the hardship imposed by the present form of the Act upon former members of totalitarian parties who saw the error to which they had been led and who gave up their membership. The recommended wording permits defectors from Nazi and Communist ranks to enter the United States and still excludes those presently dangerous.

2. Section 22 1 (2). (Alternative substitute) "Aliens who, at any time, shall be or shall have been members of any of the following classes; *Provided*, That nothing in this section shall require the exclusion of an alien who, having formerly been a member of any class specified herein, has not been a member of such class within the five year period immediately preceding his attempt to enter the United States; *Provided further*, That if such former membership existed within such five year period the alien shall not be excluded because of such former membership if it is established that he is opposed to the principles and purposes of such classes."

Alternative proviso

"*Provided*, That nothing in this section shall require the exclusion of an alien who was formerly a member of any party or organization specified herein, and who is actively opposed to such party or organization if it still exists."

These are alternatives to the first amendment. The recommended wording serves the same purpose as the foregoing change but dis-

cusses in more detail the case of the defector from totalitarian party ranks who is now opposed to the principles of such party.

3. Section 22 2. At end change period to comma and add the words "or, in accordance with Section 11 of the Headquarters Site Agreement with the United Nations as a nonimmigrant under Section 3 (3) of the Immigration Act of 1924, as amended." This change implements Section 11 of the Headquarters Site Agreement between U.S. and U.N. which permits the entry into the U.S. of correspondents, NGO representatives, and invitees from any country on an equal basis provided that they come here on legitimate business.

4. Section 22 4 (a). Change to read: "Any alien who was at the time of entering the United States or who after entering the United States shall be found to be excludable under any provision of this Act shall, upon the warrant of the Attorney General, be taken into custody and deported in the manner provided in the Immigration Act of February 5, 1917, or other applicable statute. The provisions of this section shall be applicable to the classes of aliens mentioned in this Act, irrespective of the time of their entry into the United States."

This change will clarify the language of the Act while serving the same purpose intended by the original provisions.

5. Section 22 6 (c). Add after (2) a new provision (3) reading "6 (c) (3). The provisions of Section 1 (2) shall not be applicable to accredited officials of foreign governments recognized by the United States, members of their family, attendants, servants and employees, passing in transit through the United States."

This change remedies an inadvertence in the Act, which failed to grant transit privileges to diplomats traveling through, but not stopping off in the United States. This is necessary in reciprocity for the same privilege granted U.S. diplomatic representatives in other countries.

6. Section 22 6(c) (2). Insert words "or their" after word "his" in the last line.

This cures a mistaken omission from the final draft of the Act of words which had been used in earlier drafts.

7. Amend the Act by inserting in Sec. 3 a new sub-paragraph reading as follows:

"(16) The term 'totalitarian party' means an organization which advocates the establishment of 'totalitarianism' or 'totalitarian dictatorship' in the United States."

8. Renumber paragraphs (16) (17) and (18) of Sec. 3 to (17) (18) and (19) respectively.

9. Amend sub-paragraph (19) of Sec. 3 to read as follows:

"(20) 'Advocating the economic and governmental doctrines of any other form of totalitarianism' means advocating the establishment of totalitarianism (other than world Communism) in the United States."

RECOMMENDATION

The PIN Committee recommends:

1. Departmental approval and sponsorship of the proposed amendments.

UNITED STATES POLICY WITH REGARD TO THE ANTARCTIC¹

702.022/1-550

*Draft Declaration on Antarctica, Prepared by the Department
of State²*

[WASHINGTON, undated.]

Assembled in the city of _____, Messrs. _____, duly authorized representatives of the Governments of Argentina, Australia, Chile, United States of America, France, Norway, New Zealand and the United Kingdom of Great Britain and Northern Ireland have examined the Antarctic problem and having regard to the following points:

That in the Antarctic continent there still exist vast regions not yet well explored or mapped;

That the scientific data which may be obtained from the Antarctic on meteorology, terrestrial magnetism, cosmic rays, geology, marine biology et cetera, are or can be of great value for marine and air navigation, in the use of telecommunications, the development of agriculture and many other human activities;

That it is the desire of the respective Governments to maintain close and friendly relations and avoid any cause for international disagreement, and that it is desirable, therefore, to prevent conflicts of sovereignty or of any other kind from disturbing such friendly relations; and

That their Governments are engaged in conversations and exchanges of views looking toward an amicable, mutually satisfactory solution of the territorial problem of Antarctica;

Declare the following on behalf of their Governments:

1. That they are disposed to consider and discuss suggestions for methods of settling the territorial problem of Antarctica.

¹ For previous documentation, see *Foreign Relations*, 1949, vol. I, pp. 793 ff.

² An earlier draft of this declaration was given to officers of the British Embassy on September 13, 1949. The draft printed here incorporated suggestions made by the British on that earlier draft. For the text of that earlier draft and related materials, see *ibid.*, p. 806.

A copy of this draft was given to representatives of the British Embassy on January 11. Regarding the transmission of this draft to the Chilean Embassy, see the memorandum of January 4 from Hulley to Mills, *infra*.

2. That, in the area south of 60° south latitude, the establishment of new stations, the dispatching of expeditions or like activities carried out during the period of this declaration shall not during the period of this declaration or thereafter prejudice the rights, as they now exist, which any of the signatories may possess, and that the maintenance of present stations, the establishment of new stations, the dispatch of expeditions or the carrying out of other activities during the period of this declaration shall not be invoked against other signatories of this declaration as a basis for claim to sovereignty in the region.

3. It is agreed between the governments concerned that each of them and their nationals may conduct exploration and scientific research in any part of the area.

4. That their Governments will carry out an exchange of scientific information regarding Antarctica, including the regular exchange of books, pamphlets, magazines, maps, navigation charts, photographs, schedules, computations, and in general, scientific data which they may possess or obtain regarding Antarctica.

5. That their Governments will encourage the sending to Antarctica of technical and scientific expeditions and will furnish to expeditions under the flag of any other declarant country facilities for provisioning and other facilities in accordance with international usage.

6. That their Governments will create a committee consisting of one member from each declarant country to which each country will report projected activities in the Antarctic area and the results of scientific investigations and research upon the completion of such activities.

7. That the committee shall not have authority to request changes in the plans of any country, but will provide information concerning prior plans of any other country which may be duplicated by new projects or which may occupy expedition sites which would inconvenience the project.

8. The committee, on behalf of the signatory countries, shall consider and may in its discretion make recommendations to those countries with respect to any situation which may arise in the event that any country other than the signatory powers indicates any intent or desire to conduct exploration and scientific investigation and research in the Antarctic area.

The signatory countries agree not to authorize such expeditions during the life of this agreement except on condition that they will not be made a basis for territorial claims.

9. The signatories of this declaration will act in cooperation for the advancement and protection of their common interests in the area.

The present Declaration will take effect from this date and will remain in effect for a period of five [ten]³ years. Six months before the expiration of this time limit, the signatory Governments will consult one another regarding the advantages of meeting in an Antarctic Polar Conference. If none of the signatory Governments should notify the others that it wishes to terminate this Declaration on the date referred to, it will continue in effect for another like period.

Done in the City of _____, on the _____ day of the month of _____ in the year 19 .

³ Brackets appear in the source text.

702.022/1-450

Memorandum by the Officer in Charge of British Commonwealth and Northern European Affairs (Hulley) to the Director of the Office of North and West Coast Affairs (Mills)

CONFIDENTIAL

[WASHINGTON,] January 4, 1950.

Subject: Antarctica

Pursuant to the policy decision as reported in NSC 21/1 dated August 30, 1949,¹ we are now ready to take up with the Chilean Embassy here the appropriate manner of bringing their proposal for an Antarctic *modus vivendi*,² as revised by us, before the interested countries for discussion. (Our draft³ has been given informally to the British and has been modified to meet the substance of their comments. Of course, this should not be mentioned to the Chileans.)

Recommendation

It is recommended that you ask the Chilean Counselor, Mr. Rodriguez,⁴ to come in to discuss this subject. It is suggested that you repeat to him what Mr. Miller said to the Chilean Foreign Minister in October, as follows: that the US has given careful consideration to the Chilean proposal for a *modus vivendi* for Antarctica; that in present circumstances we believe that this is a most useful approach to the problem; that while we view favorably the substance of the Chilean proposal, we have a number of suggestions which we hope the Chilean Government will study sympathetically and find itself in a position to accept.⁵

It is suggested that you hand Mr. Rodriguez the text of our draft for a *modus vivendi*, with the comment that our suggestions are embodied therein and will be clear to him upon comparing it with the original Chilean draft. There is probably no necessity to discuss the differences between the Chilean draft and ours. However, it might be suggested that we will be glad to discuss them with him at any time. It might be pointed out that one change from the Chilean draft is the omission of the subject of whaling, which, as we have said

¹ Under reference here is a memorandum of August 29, 1949, by the Secretary of State for the Executive Secretary of the National Security Council, circulated to the Council as NSC 21/1, August 30, 1949; for text, see *Foreign Relations*, 1949, vol. I, p. 804.

² During 1948 the Chilean Government offered a plan (*modus vivendi*) under which nations interested in Antarctica would freeze current legal rights and interests for a period of 5 or 10 years and reach an agreement for scientific co-operation. For materials on the Chilean proposal and the United States response thereto, see *ibid.*, 1948, vol. I, Part 2, pp. 962 ff.

³ See *supra*.

⁴ Mario Rodriguez A., Chilean Minister-Counselor.

⁵ During a visit to Chile in October 1949, Assistant Secretary of State for Inter-American Affairs Edward G. Miller, Jr., conferred with Chilean Foreign Minister German Riesco on the Antarctic question. For documentation regarding the visit, see *Foreign Relations*, 1949, vol. I, pp. 793 ff.

before, we feel is a problem separate from Antarctic territorial questions and appropriately to be handled through the international whaling convention.

Although our draft is intended as a basis of discussion, we hope of course that the Chilean Government will be able to accept the suggestions it embodies. We will welcome the Chilean Government's informal comments on our draft and we would like informally to have their views as to the appropriate method of bringing the proposal for a *modus vivendi* to the attention of the other governments concerned. We are inclined to be guided by the Chilean preference in this matter. We see two possible methods: 1) That the Chilean Government present its proposal, which we would hope could be modified in line with our draft, to the governments concerned. We would somewhat prefer this method. 2) If the Chilean Government prefers, we are prepared to give them our draft with a reply to their *aide-mémoire* of October 7, 1948 (to our Embassy in Santiago),⁶ giving copies to the other governments concerned and suggesting that the Chilean suggestion as embodied in our text be made the basis for further discussion among the interested countries.

Should Mr. Rodriguez inquire, it is suggested that you tell him that we will be informing the British confidentially of our discussions with Chile on this subject, but that we do not plan to mention it to anyone else for the present.⁷

B[ENJAMIN] M. H[ULLEY]

⁶ In the communication under reference here, not printed, the Chilean Government rejected an American proposal for the internationalization of the Antarctic by trusteeship and condominium. For the text of the communication, see telegram 667, October 8, 1948, from Santiago, *Foreign Relations*, 1948, vol. I, Part 2, p. 1009.

⁷ In a conversation with Chilean Minister-Counselor Rodriguez on January 5, Director Sheldon T. Mills presented a copy of the American draft of the proposed Antarctic *modus vivendi* (*supra*) and outlined Department of State views as presented in this memorandum. Caspar D. Green of the Office of British Commonwealth and Northern European Affairs went over the same points in detail in a conversation with Rodriguez on January 9 (memoranda of conversation by Caspar D. Green, January 5 and 9, 1950, 702.022/1-550 and 702.022/1-950).

702.00/2-1750

Memorandum of Conversation, by Mr. Caspar D. Green of the Office of British Commonwealth and Northern European Affairs

CONFIDENTIAL

[WASHINGTON,] February 17, 1950.

Participants: Mr. C. A. G. Meade, Counselor, British Embassy
 Mr. D. C. Tebbit, Second Secretary, British Embassy
 Mr. Caspar D. Green, BNA

Mr. Tebbit came in briefly on February 13, 1950 to say that he had a letter from the Foreign Office instructing him to inquire whether

we would still object to the British informing Australia and New Zealand of the US-British exchange of views and of our approach to the Chileans on the Chilean suggestion for a *modus vivendi*. He said the letter referred to the fixed British practice of exchanging full information with the Commonwealth countries and expressed apprehension that, with the considerable lapse of time between the British-US exchange and informing of Australia and New Zealand, an embarrassing situation might result.

I said that I understood their problem in this connection and that it was a problem which we share to some extent. I remarked that in view of the changes in the Chilean cabinet it was not unlikely that there would be some further delay. I said that I would see that his inquiry was taken up for consideration and would be in touch with him within a day or two.

Mr. Meade and Mr. Tebbit came in this afternoon at my request. I referred to Mr. Tebbit's inquiry of February 13 and said that our thought on the subject was to send a message to our Embassies in Australia and New Zealand asking them to mention, without details, to the Foreign Offices that the Department has been giving serious study to an Antarctic *modus vivendi* proposal made by Chile and has discussed the proposal informally with the Chilean Embassy. I said that we would have no objection to the UK informing the Australians and New Zealanders of the subject, but we hoped that in doing so they could limit themselves to a general statement and would not give out copies of the documents. Mr. Meade and Mr. Tebbit believed that this suggestion would be quite satisfactory to the Foreign Office. At their request, I agreed to delay sending the proposed cables to our Embassies in Australia and New Zealand until February 20 in order to give them time to report to the Foreign Office.¹ Mr. Meade and Mr. Tebbit made a rough draft of their cable report to the Foreign Office covering these points.

They requested that we let them know if we have occasion to tell the Chileans that we have given this general statement to the Australians and the New Zealanders. I said that we would be glad to do this.

¹ Brief telegrams as described here were sent to Canberra as 30 and to Wellington as 24, February 20, neither printed (702.022/2-2050). Substantially the same information was given by Green in a conversation with Owen Davis, First Secretary of the Australian Embassy on March 14 (memorandum of conversation by Green, March 14, 702.022/3-1450).

711.5/1-1850

*The Under Secretary of State (Webb) to the Deputy Secretary of Defense (Early)*¹

SECRET

WASHINGTON, March 23, 1950.

DEAR MR. EARLY: Reference is made to your letter to Mr. Acheson dated January 18, 1950, and handed to Mr. Battle, Special Assistant to the Secretary, on March 1, 1950, by Admiral Richard E. Byrd.² You state that the Department of Defense has under consideration the advisability of undertaking in the future some such Antarctic operations as those which were undertaken in 1947 and request comment on this subject.

The Department of State favors United States exploration and also scientific studies in the Antarctic and will cooperate if the Department of Defense decides to carry out a project similar to that undertaken in 1947. It is thought, however, that consideration of the project is primarily a matter for the Department of Defense.

The Antarctic territorial problem is the subject of an informal exchange of views between the interested countries. Specific arrangements for a United States expedition would naturally be made in the light of the status of that exchange of views at the time. It is not now anticipated that this would materially affect operational aspects of such a project. Your letter does not, of course, state the prospective timing of the operation which the Department of Defense has under study and, therefore, the views of the Department of State at present must be tentative and subject to review in the light of political developments.

Your letter raises the question of the possible advisability, from the standpoint of foreign policy, of undertaking operations in Greenland rather than in Antarctica. Considerations of foreign policy make it appear undesirable to undertake such operations in Greenland.

The Department of State will be glad to be kept informed of the

¹ This letter was drafted by Caspar D. Green of the Office of Northern European Affairs and was cleared with that office as well as with the Office of North and West Coast Affairs (Bureau of Inter-American Affairs), the Assistant Legal Adviser for Political Affairs, the Special Adviser on Geography, the Bureau of Inter-American Affairs, and the Bureau of European Affairs.

² In his letter of January 18, not printed, Deputy Secretary Early explained that the Department of Defense was considering the advisability of undertaking cold weather military training operations in the Antarctic such as were previously undertaken in 1947. The letter also asked whether it would be diplomatically desirable to undertake such operations in Greenland rather than in Antarctica (711.5/1-1850). Attached to the source text of the letter printed here is a brief memorandum of March 1 by Special Assistant Lucius D. Battle, not printed, indicating that Rear Admiral Byrd had for some time been trying to see the Secretary of State, but it had not been possible to work out a time and "... it did not seem to be an essential appointment."

progress of any plans made by the Department of Defense for an Antarctic operation.

Sincerely yours,

JAMES E. WEBB

702.022/6-850

*The Embassy of the Soviet Union to the Department of State*¹

MEMORANDUM

Since the Autumn of 1948 in a number of statements of representatives of the Ministries of Foreign Affairs of the United States, Great Britain, and several other countries, as well as in articles of the world press, there has been mention of conversations regarding Antarctica which were begun on the initiative of the State Department of the USA, between the United States of America, Great Britain, France, Norway, Australia, New Zealand, Argentina and Chile. From these statements of representatives of the Ministries of Foreign Affairs of several nations and from the press articles, it appears that the purpose of the conversations is to decide the question of the regime of the Antarctic.

The Government of the USSR cannot agree that such a question as that of the regime of the Antarctic be decided without its participa-

¹ The source text is a translation prepared in the Office of Eastern European Affairs. The Russian-language original was handed to Under Secretary of State James E. Webb by Soviet Chargé Vladimir Ivanovich Bazykin during a brief call at the Department of State on June 9. The memorandum of conversation recording the call, not printed, indicated that there was no substantive discussion of the Soviet memorandum, but the Under Secretary of State told Chargé Bazykin that it would be given the most careful consideration (702.022/6-850). An identical memorandum was also delivered to the United Kingdom, French, Norwegian, Australian, New Zealand, and Argentine Governments, and the text was printed in the Soviet newspapers *Pravda* and *Izvestiya* on June 10.

On June 9 officials of the Department of State apprised representatives of the press of the receipt of this communication from the Soviet Embassy which was described as expressing the desire of the USSR to be consulted in any international discussion of Antarctica but not putting forward any territorial claims. The officials explained that the communication was being studied but would not be made public by the Department of State. The officials recalled that in 1948 the United States had informally approached the Governments of Argentina, Australia, Chile, France, New Zealand, Norway, and the United Kingdom regarding the possibility of reaching an agreement on the territorial problems of Antarctica. The officials explained that no action had been taken in the matter, and no international conference was scheduled. A summary of the information made available by the officials of the Department of State was transmitted to overseas missions in Department of State Wireless Bulletin (the official news service of the Department of State, prepared by the Division of International Press and Publications and transmitted daily by radio to various foreign service posts abroad) No. 135, June 9, 1950.

In the days immediately following receipt of this Soviet memorandum, copies of the translation printed here were made available to the British, French, Norwegian, Australian, New Zealand, and Chilean Embassies in Washington by the Department of State.

tion. In this connection the Soviet Government considers it necessary to call to memory the outstanding contributions of Russian seamen in the discovery of Antarctica. It is a generally recognized fact that the Russian seamen Bellingshausen and Lazarev at the beginning of the 19th century, first reached the coasts of Antarctica, circumnavigated this continent and thus showed the falsity of the widely held view of that time that there was no land at the south polar circle. This contribution of Russian seamen is no less important than the later explorations on the continent itself and on its coasts which were carried out by expeditions of the several countries whose representatives presently proclaim their interest in the determination of the regime of the Antarctic.

As is well known, the territories of Antarctica and the waters lying near it represent a great value from the economic point of view, and on this side of the question the Antarctic continent possesses a significance not only for the states enumerated above who are participating in conversations regarding the regime of the Antarctic, but also for many other states, among them the Soviet Union. It is enough to point out that $\frac{1}{10}$ ths of the world's whale catch comes from these very Antarctic waters. The USSR is a participant of the whaling industry and of the International Whaling Convention of 1946. Its whaling flotilla regularly carries on whale fishery in Antarctic waters.

It is necessary to point out the same thing with regard to the scientific significance of Antarctica, in as much as this continent and the islands lying near it are a convenient base for highly important meteorological observations which are also significant for the northern hemisphere.

The attention of the Soviet public has already been directed to the indicated circumstances. In particular, they were noted in a resolution of a general meeting of the Geographic Society of the USSR on February 10, 1949,² in which the Society underlined the highly important significance of the discoveries of Russian seamen in the Antarctic.

The Soviet Government considers it necessary to state that in accordance with international practice, all interested countries must be brought into participation in consideration of the regime of any region

² At its meeting on February 10, 1949, the U.S.S.R. All-Union Geographic Society, after hearing a report by Academician Lev Semyonovich Berg (the President of the Society) on the early 19th century Antarctic explorations of Russian navigators Captain Faddei Bellingshausen (Thaddeus Bellingshausen) and Seaman Mikhail Lazarev, adopted a resolution stating that any decision affecting the Antarctic regime without Soviet participation would lack legal force and that the USSR had every justification not to recognize such decisions. For materials on the American reaction to this resolution, see *Foreign Relations*, 1949, vol. I, pp. 793 ff. For the summary of the meeting and the text of the resolution as printed in the Soviet newspapers *Pravda* and *Izvestiya*, see *Current Digest of the Soviet Press*, vol. I, No. 6, pp. 43-45.

whatsoever which has international significance. The Soviet Government considers that this international practice must also be observed with regard to the decision of the Antarctic question. It has already had occasion to point out in an official note to the Norwegian Government on January 27, 1939, the illegality of a separate solution of the governmental ownership of Antarctica.

As a consequence of the above, the Soviet Government cannot recognize as legal any decision regarding the regime of the Antarctic taken without its participation. It considers that, in as much as the fate of Antarctica is a matter of interest for many countries, it would be expedient at the present time to consider the question of the Antarctic regime on an international level with the view of attaining an agreement which would be in accordance with the legal interests of all interested states.

For its part, the Soviet Government is ready to consider any proposals of interested governments, both regarding the method of considering the indicated question and regarding the character of the Antarctic regime. It will be grateful to the Government of the United States of America for an indication of its point of view on this question.

WASHINGTON, June 8, 1950.

702.00/6-1950 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the
Secretary of State*

CONFIDENTIAL

LONDON, June 19, 1950—5 p. m.

3447. In informal conversation with Cecil,¹ head Latin American Department Foreign Office, Embassy raised question recent Soviet note re Antarctica. Cecil said Foreign Office did not know what nature British reply would be made. Note now being studied in Legal Department and only recommendation of Latin American Department to date is for prior consultation with US, Australia, New Zealand, possibly France and Norway before reply finally decided upon. Norway has already asked Foreign Office what British will say.

Foreign Office has no idea what inspired Russian note or what next steps Russians contemplate. Cecil felt that remote possibility might be carefully worded resolution, suggesting some form trusteeship, for GA since current Russian tactics vis-à-vis Latins seem to include fomenting Latins' anti-colonial sentiments and USSR has always had greater success in Assembly's Fourth Committee than elsewhere.

¹ Robert Cecil, Assistant Head of the American Department, in charge of the Latin American Section, British Foreign Office.

Cecil said Foreign Office would be helped in thinking about question by information on two points:

1. What effect, if any, this note has on current US thinking re Chilean "standstill" proposals—about which Foreign Office does not know officially. Cecil's view is status Chilean note might affect timing of Foreign Office reply since if Russians should hear of Chilean proposals, USSR could use that as excuse either push own views or point out to UN Russian views being ignored, et cetera.

2. Position US thinking about possibility putting in US claim to parts Antarctica. Foreign Office would not want to have anything in their reply which could embarrass US since its interest in Antarctica on different grounds from that of other interested parties.²

DOUGLAS

² Telegram 179, July 12, to London, not printed, instructed the Embassy to reply informally to the Foreign Office as follows:

"No US reply imminent. Dept will wish exchange views with other interested govts before making reply. Effect Sov note is to emphasize desirability agreement on territorial status Antarctica. As progress this direction and nature reply to USSR depend partly on Chilean response our proposal re suggested *modus vivendi*, Dept asked Chilean Emb informally for Chilean thinking, however preliminary. No new developments re question 2." (702.022/7-1250)

Telegram 454, July 21, from London, not printed, reported that the information provided by the Department had been transmitted to the Foreign Office (702.022/7-2150). Despatch 1747, October 13, from London, not printed, reported having been informed by the Foreign Office that the British were discussing with the Australians and the New Zealanders the possibility of making no reply at all to the Soviet communication of June 9 (702.022/10-1350).

702.022/7-2050

Memorandum of Conversation, by the Officer in Charge of British Commonwealth and Northern European Affairs (Hulley)

CONFIDENTIAL

[WASHINGTON,] July 20, 1950.

Participants: Mr. C. A. Gerald Meade, Counselor, British Embassy
Benjamin M. Hulley—BNA
Grant G. Hilliker—BNA

Mr. Meade came in pursuant to the same Foreign Office instruction of July 4 that had occasioned the visit of Mr. Boyd on July 12 because Mr. Boyd, he said, "did not get the right answers."¹

After I had read the instruction we discussed generally the question of replying to the Soviet note. I repeated that tentatively our feeling was that there was no need for haste in making a reply, particularly in view of the Korean situation. Indeed I was not sure that any reply

¹ John G. Boyd, Second Secretary of the British Embassy, visited the Department of State on July 12 for a preliminary discussion of the Soviet communication of June 8 on Antarctica (see p. 911). Boyd brought with him a copy of his instructions of July 4 from the Foreign Office presenting British views on the Soviet communication substantially as reported in telegram 3447, June 19, from London, *supra* (memorandum of conversation by Grant G. Hilliker, July 12, 1950, 702.022/7-1250).

was necessary. We do not propose to make one without prior consultation with Britain and other claimant countries. I suggested that Mr. Meade's arguments about the weak juridical position of any Soviet claims should not be used in a reply, as it might have the unfortunate effect of stimulating Soviet expeditions to Antarctica. My personal reaction for a reply was to point out that we have had no evidence that we can expect from the Soviet Union the international cooperation which is the basis of the Soviet request. Mr. Hilliker pointed out that it had been difficult to give Mr. Boyd any exact information on the Department's attitude because no general discussions had been held and that in any case our approach would be conditioned to a large extent by the nature of the Chilean response to our revision of their *modus vivendi* proposal. He also gave Mr. Meade the essence of the information we had from Santiago concerning Chilean consideration of the Soviet note.

Mr. Meade speculated at some length on the question of Antarctic claims and the validity of various acts, including the Russian voyage of 1819-21, as bases for claims. His random comments lead him to the apparent conclusion that the USSR would be prevented from taking effective action in Antarctica if the interested countries were to submit the question of claims to the International Court. I questioned whether the USSR would agree to the jurisdiction of the Court.

702.022/7-2050

*The Secretary of State to Senator Tom Connally*¹

WASHINGTON, August 9, 1950.

MY DEAR SENATOR CONNALLY: I refer to my letter of July 27, 1950 concerning the letter dated July 17 received by the Committee on Foreign Relations from Miss E. A. Kendall of Arlington, Virginia.²

¹ This letter, which was addressed to Senator Connally in his capacity as Chairman of the Senate Committee on Foreign Relations, was drafted by Grant G. Hilliker of the Office of British Commonwealth and Northern European Affairs and was concurred in by the Office of the Legal Adviser, by the Office of the Special Adviser on Geography, the Office of North and West Coast Affairs of the Bureau of Inter-American Affairs, and the Office of the Assistant Secretary of State for Congressional Affairs (Jack K. McFall).

² Under cover of a brief letter of July 20, C. C. O'Day, Clerk of the Senate Committee on Foreign Relations transmitted to Assistant Secretary of State McFall a copy of a letter of July 17 to the Committee from Miss E. A. Kendall of Arlington, Virginia, requesting action with respect to United States claims in the Antarctic. Clerk O'Day's letter explained that it would be helpful to the Committee to have the Department of State's comments on Miss Kendall's letter, particularly in connection with her statement that the Department was "apathetic" in its attitude toward the Antarctic (702.022/7-2050). In a brief letter of July 27 to Senator Connally, Assistant Secretary McFall for the Secretary of State acknowledged receipt of Clerk O'Day's letter and promised a reply in a short time (702.022/7-2050). None of the correspondence under reference here is printed.

The comments of the Department were requested with respect to Miss Kendall's remarks regarding United States policy in the Antarctic.

Miss Kendall has been in touch from time to time with officers of this Department concerning the Antarctic, most recently on July 5, 1950 when questions of the type raised in her letter were discussed at some length.

The United States has not recognized any claims of other nations to territory in Antarctica. It has refrained from asserting an official claim and has reserved any rights it may have as a result of American activities in the area. As stated in a press release of August 28, 1948,³ the Department believes that any solution of the territorial problem of Antarctica should be such as to promote scientific investigation and research in the area. This can perhaps be done most effectively through some form of internationalization.

In view of the fact that other countries' claims to Antarctic territories are not generally recognized, there would seem to be little merit in Miss Kendall's suggestion that the United States attempt to bargain for cession of rights to such territories from nations receiving economic or military aid. In fact, action of this sort might result in derogation of United States rights in Antarctica.

Even assuming that certain countries were capable of granting the United States considerations of value in Antarctica, the Department of State does not believe that the method suggested would be appropriate. You may wish to remind Miss Kendall that financial aid is extended to foreign countries by the United States as a means of obtaining specific results which are in the national interest and which are, in themselves, worthy of the expenditure. Such aid is not conceived of as a basis for unlimited claims on the future policies of other governments, particularly in matters not related to the aid extended. To ask for or expect from the countries participating in the European Recovery Program, for example, benefits other than those stated as objectives of the authorizing legislation, would endanger realization of our central aim of achieving recovery in Europe.

The Department of State endeavors to encourage, as far as appropriate, the exploration and scientific investigation of the Antarctic by American expeditions capable of making significant contributions to knowledge of the area and its future possibilities. On the basis of information now available, however, it is clear that efforts to effect

³ On August 28, 1948, the Department of State issued to the press a statement explaining that it had approached the Governments of Argentina, Australia, Chile, France, New Zealand, Norway, and the United Kingdom informally with a suggestion that a solution for the territorial problem of Antarctica be discussed. For the text of the statement, see Department of State *Bulletin*, September 5, 1948, p. 301.

settlement with a view to utilization are not practical and could not be expected to achieve results greater than the usual type of scientific project. Indeed, the practical problem of attracting adequate financial support for such a venture would seem to be insuperable in view of the difficulties which in the past have confronted sponsors of expeditions of a limited scope.

Sincerely yours,

For the Secretary of State:

JACK K. McFALL
Assistant Secretary

702.022/9-1250

Memorandum of Conversation, by the Officer in Charge of British Commonwealth and Northern European Affairs (Hulley)

CONFIDENTIAL

[WASHINGTON,] September 7, 1950.

Participants: Mr. Rodriguez A., Minister Counselor, Chilean Embassy

Mr. Owen—NWC¹

Mr. Hulley—BNA

Mr. Hilliker—BNA

Mr. Rodriguez asked to come in to talk about the question of an Antarctic *modus vivendi* and the Soviet memorandum concerning Antarctica of June 9. [8?]²

Mr. Rodriguez had with him the Spanish text of a draft press release which he said the Chilean Foreign Office planned to release very shortly.³ Mr. Owen translated the announcement into English. I asked Mr. Rodriguez if he had seen the Argentine reply to the Soviet note along these lines.⁴ He replied that he had not. As his

¹ George H. Owen of the Office of North and West Coast Affairs, Bureau of Inter-American Affairs.

² *Ante*, p. 911.

³ In a declaration made public on September 12, 1950, the Chilean Government took note of the Soviet communication of June 8 to the United States and six other countries regarding the Antarctic, reiterated the traditional Chilean policy that only Chile and Argentina had rights in the "American Antarctic," and asserted that the claim to territory in the Antarctic by the USSR had no basis in fact and was inadmissible. The text of the Chilean declaration, as it appeared in the Santiago newspaper *La Nacion*, was transmitted to the Department of State as an enclosure to despatch 259, September 12, from Santiago, not printed (702.022/9-1250).

⁴ In a note of August 25, 1950, the text of which was released for publication on August 30, the Argentine Government replied to the Soviet memorandum of June 8. The Argentine note asserted that the "Argentine Antarctic" and neighboring archipelagoes were Argentine national territory not subject to any general regime which might be set up for the Antarctic continent, that the "Argentine Antarctic" forms part of the "South American Antarctic" which belongs exclusively to the jurisdiction of Argentina and Chile, and that the claim of the USSR was unacceptable. The text of the Argentine note was transmitted to the Department of State as an enclosure to despatch 301, August 30, from Buenos Aires, not printed (702.022/8-3050).

own impression and emphasizing that he had no official information, Mr. Rodriguez said he thought that the replies would be quite similar because of the custom of consultation on this question by Chile and Argentina. I thanked him for making the announcement available to us in advance.

Mr. Rodriguez then said that the Chilean Antarctic Commission had been studying our revision of the original Chilean draft of a *modus vivendi* declaration on the Antarctica and had come up with a new draft which included certain changes from ours "more of form than of substance". In as much as this draft was in Spanish, he mentioned the following points of difference:

1. The Chilean Government feels strongly on the desirability of including the paragraph on "fishing" (presumably including Whaling). Mr. Rodriguez pointed out, however, that the aim was to prevent the imposition of taxes or other levies on fishing activities in the area and would, therefore, not duplicate the terms of the Washington Whaling Convention which dealt more with the question of conservation.

2. The Chilean Government wished the International Commission contemplated under the *modus vivendi* declaration to be a consultative or advisory body with restricted powers.

3. It should be emphasized that any agreement should leave Chilean sovereignty in the Antarctic unimpaired. Mr. Rodriguez said that Chilean public opinion would not permit any other course.

4. The agreement should be valid for eight years and renewable from year to year thereafter unless one of the signatories wished otherwise. The chairmanship would rotate among the eight countries each year.

Mr. Rodriguez noted that the draft agreement as a whole was modeled on an agreement of 1908 among Russia, Germany, Denmark and Sweden for the maintenance of the *status quo* in the Baltic.

The Chilean Government would prefer that the seat of the Consultative Commission be in Chile or alternatively in the United States but "nowhere else".

Mr. Rodriguez said that the procedure of presenting the draft agreement to the other countries could be left for later discussion. He confirmed my understanding, however, that the Chileans would somewhat prefer that the proposal be circulated by the United States, making clear that it was the result of Chilean initiative.

I expressed appreciation of the Chilean effort and said we would study the draft with the other interested Divisions of the Department. I remarked that the result would probably be something put forward

as the basis for discussion, even though not exactly what we might want.⁵

⁵The Chilean redraft of the proposed Antarctic *modus vivendi* under discussion in this memorandum of conversation is attached (in Spanish and English translation) to the source text. The American draft of the proposed *modus vivendi* to which it responded is printed *ante*, p. 905. In mid-October 1950 officers of the Department of State had prepared a new draft of the *modus vivendi* responding to the Chilean redraft discussed here. The new American draft was submitted to the British Embassy on October 26, and in mid-November and early December the British Embassy transmitted to the Department of State a series of suggestions and comments on the draft from the Foreign Office.

Editorial Note

On November 20, 1950, following discussions in London between the Argentine and Chilean Embassies and the British Foreign Office of which the Department of State was kept informed, there was announced an extension of the Tripartite (United Kingdom-Argentina-Chile) Declarations of January 18 and November 18, 1949, restricting naval activities south of latitude 60°, to cover the 1950-1951 Antarctic season. In a statement issued to the press on November 22 (Department of State *Bulletin*, December 4, 1950, page 911) the Department of State expressed pleasure at learning of the renewed tripartite understanding and announced that the United States Government did not contemplate sending any vessels to the Antarctic during the 1950-1951 Antarctic season. For materials on the tripartite understandings of January 18 and November 18, 1949, and the United States response thereto, see *Foreign Relations*, 1949, volume I, pages 793 ff.

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